In the name of Allah
the most
Compassionate and Merciful

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AMEMBASSY KUWAIT
RUEHC/SECSTATE WASHDC 3794
RUQ RUQMBI/AMEMBASSY ABU DHABI 4725
UFHRS/AMEMBASSY ALGIERS 1000
UHCR/USINT BAGHDAD 708
UFHOL/AMEMBASSY BONN 549
UFHBS/AMEMBASSY BRUSSELS 739
UCHEG/AMEMBASSY CAIRO 2436
UMDH/AMCONSUL DHAHRAN 4010
UMOD/AMEMBASSY DOHA 2560
UBGD/AMEMBASSY ISLAMABAD 230
UMRA/AMEMBASSY JIDDA 6325
UDTC/AMEMBASSY LONDON 3495
UMAM/AMEMBASSY MANAMA 3930
UFHMO/AMEMBASSY MOSCOW 421
UMMT/AMEMBASSY MUSCAT 2004
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C O N F I D E N T I A L SECTION 1 OF 5 KUWAIT 2718

USCINCEUR ALSO FOR POLAD

E.O. 12065: GDS 6/6/85 (BUCK, STEPHEN W.) OR-E
TAGS: ENRG, KU, ELAB
SUBJECT: POTENTIAL AND PROSPECTS FOR OIL WORKER DISRUPTION
IN KUWAITI CRUDE PRODUCTION ARE SLIM

REF: (A) STATE 013384 (NOTAL), (B) STATE 38873 (NOTAL),
(C) 78 KUWAIT 6604 (NOTAL), (D) CERP 0425, (E) KUWAIT 2211
(NOTAL).

1. (C-ENTIRE TEXT).

2. SUMMARY. COULD KUWAIT, WHOSE 2.5 MILLION B/D PRODUCTION RANKS IT FOURTH AMONG THE WORLD'S OIL EXPORTERS, SUFFER THE SAME WORKER-INDUCED CUTS IN PRODUCTION AS IRAN, WHOSE OIL FIELDS LIE ONLY A FEW SCORE MILES AWAY? REPORTING AND ANALYSIS WHICH FOLLOWS COVERS FACTORS WHICH COULD INCUDE WORKER DISRUPTION OF OIL PRODUCTION AND CONCLUDES THAT SUCH DISRUPTION IS EXTREMELY UNLIKELY. KUWAIT'S PETROLEUM WORKERS FEDERATION (PWF) HAS BEEN DOCILE FOR YEARS AND ITS PRESENT BREAD AND BUTTER WAGE/BENEFITS DEMANDS ARE LIKELY TO BE MET IN FEW WEEKS TIME. COMMUNICATIONS BETWEEN MANAGEMENT AND WORKERS AT KUWAIT'S MAJOR OIL PRODUCER, KUWAIT OIL COMPANY (KOC), ARE GOOD. ACTIVITY OF FEW PWF MILITANTS AND THEIR CONTACTS WITH COMMUNIST COUNTRY REPS ARE CLOSELY WATCHED. ANTI-WESTERN XENOPHOBIA LIKE THAT IN IRAN DOES NOT EXIST, THE NON-ARAB PRESENCE AT KOC BEING NEGLIGIBLE. THERE IS NO INDICATION THAT THE SHIA, PERHAPS TEN PERCENT OF THE OIL WORK FORCE, PLAY ANY ORGANIZED ROLE IN THE INDUSTRY OR ARE LIKELY TO. ALTHOUGH PERHAPS A FIFTH OF KOC'S WORKERS ARE PALESTINIAN, OVER THE YEARS THEY HAVE BEEN CAREFULLY MOVED FROM PRODUCTION TO NON-SENSITIVE POSITIONS IN REFINING AND ADMINISTRATION, AND PRODUCTION HAS BEEN HIGHLY AUTOMATED, GREATLY REDUCING POSSIBILITY OF PALESTINIAN DISRUPTION OF PRODUCTION, WHICH MOST OBSERVERS VIEW AS UNLIKELY ANYWAY, GIVEN THE PALESTINIAN STAKE IN A STABLE KUWAIT. SABOTAGE IS ALWAYS POSSIBLE, BUT SECURITY IS TIGHT, PROBABLY AS GOOD OR BETTER THAN ANYWHERE ELSE

IN THE GULF. AORKERS IN THE SAUDI/KUWAITI PARTITIONED ZONE ARE LARGELY SAUDI, ARE NOT ORGANIZED, AND HAVE GIVEN NO INDICATION OF DISCONTENT. END SUMMARY.

3. INTRODUCTION. TOTAL KUWAITI CRUDE PRODUCTION (WHICH IN CRUDE OR PRODUCT FORM IS DESTINED ALMOST ENTIRELY FOR EXPORT) IS PRESENTLY RUNNING AT OVER 2.5 MILLION BARRELS PER DAY, RANKING KUWAIT FOURTH AMONG THE WORLD'S CRUDE EXPORTING COUNTRIES, AFTER SAUDI ARABIA, IRAN, AND IRAQ. ON MAY 29 LOCAL PRESS CARRIED SMALL ARTICLE REPORTING THAT REPRESENTATIVES OF THE PETROLEUM WORKERS FEDERATION (PWF) IN KUWAIT HAD SUBMITTED TO THE PRIME MINISTER DEMANDS FOR HIGHER PAY AND INCREASES IN VARIOUS ALLOWANCES AND BENEFITS. COMING AS IT DOES ON THE HEELS OF MONTHS OF DISRUPTION OF IRANIAN PRODUCTION BY OIL WORKERS, THIS REPORT RAISED THE QUESTION OF WHETHER KUWAIT OIL WORKER DISSATISFACTION COULD HAVE AN UNFAVORABLE EFFECT ON KUWAIT'S OIL PRODUCTION. IN WHAT FOLLOWS WE REVIEW THE LIKELIHOOD OF DISRUPTION, COVERING MAJOR FACTORS BEARING ON THE PROBLEM - THE HISTORY OF OIL WORKER ACTIVITY TO DATE, THE COMPOSITION OF THE WORK FORCE, ANTI-WESTERN XENOPHOBIA AS A POSSIBLE FACTOR, THE "SHIA FACTOR," THE ROLE OF PALESTINIANS IN THE WORK FORCE, OIL FIELD SECURITY, AND THE SITUATION IN THE SAUDI/KUWAITI PARTITIONED ZONE.

4. OIL WORKERS AS AN ORGANIZED LABOR FORCE. KUWAIT'S PETROLEUM WORKERS FEDERATION REPRESENTS WORKERS OF ALL THE GOVERNMENT-CONTROLLED OIL INDUSTRY COMPANIES: PETROCHEMICAL INDUSTRIES COMPANY (PIC), A LARGE FERTILIZER/AMONIS PRODUCER; KUWAIT NATIONAL PETROLEUM COMPANY (KNPC) A LARGE (250,000 B/D), MODER REFINERY; AND THE LARGEST EMPLOYER, THE KUWAIT OIL COMPANY (KOC), KUWAIT'S MAJOR OIL PRODUCER. IN THE EARLY 1970'S THE UNION GAINED CONSIDERABLE PUBLICITY BY MILITANTLY CALLING FOR THE NATIONALIZATION OF KOC AND OF OTHER THEN FOREIGN-CONTROLLED OIL COMPANIES. ALTHOUGH STRIKES ARE ILLEGAL IN KUWAIT, IN 1974 THE PETROLEUM AND PETROCHEMICAL

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INFO RUQMBI/AMEMBASSY ABU DHABI 4726
RUEHRS/AMEMBASSY ALGIERS 1001
RUEHOR/USINT BAGHDAD 709
RUEHOL/AMEMBASSY BONN 550
RUEHBS/AMEMBASSY BRUSSELS 740
RUEHEG/AMEMBASSY CAIRO 2437
RUQMDH/AMCONSUL DHAHRAN 4011
RUQMOD/AMEMBASSY DOHA 2561
RUSBGD/AMEMBASSY ISLAMABAD 231
RUQMRA/AMEMBASSY JIDDA 6326
RUDTC/AMEMBASSY LONDON 3496
RUQMAM/AMEMBASSY MANAMA 3931
RUEHMO/AMEMBASSY MOSCOW 422
RUQMMT/AMEMBASSY MUSCAT 2005
RUSBAE/AMEMBASSY NEW DELHI 394
RUFNPS/AMEMBASSY PARIS 2219
RUQMHR/AMEMBASSY TEHRAN 4740
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C O N F I D E N T I A L SECTION 2 OF 5 KUWAIT 2718

WORKERS THREATENED TO STRIKE FOR HIGHER WAGES, BUT WERE FORCED TO CALL OFF THEIR ACTION IN THE FACE OF RANK-AND-FILE APATHY AND VIGOROUS KUWAIT GOVERNMENT (GOK) COUNTER-MEASURES (LOCK-OUTS, SHOWS OF FORCE). THE FINAL GOVERNMENT TAKE-OVER OF KOC IN 1975 ENDED THE NATIONALIZATION ISSUE FOR THE OIL WORKERS. WHILE THE LEADING AGITATOR OF THE OIL WORKERS, NASSER AL-FARAJ, BECAME HEAD OF THE GENERAL FEDERATION OF KUWAITI WORKERS AND CONTINUED TO MAKE RADICALLY-ORIENTED PRONOUNCEMENTS ON VARIOUS THIRD-WORLD ISSUES, THE PETROLEUM WORKERS HAVE BEEN DORMANT FOR THE PAST FOUR YEARS. TO THE BEST OF OUR KNOWLEDGE THERE HAS BEEN NO SIGNIFICANT OIL WORKER ACTIVITY (SUCH AS CONSIDERATION OF STRIKES) IN RECENT YEARS. INDEED, EVEN THE SOVIET EMBASSY HERE ADMITS THERE IS NO PRO-LETARIAT IN KUWAIT WORTH MENTIONING.

5. IF THIS IS THE CASE, WHAT WAS THE MAY 29 REPORT OF PETROLEUM WORKER DEMANDS TO THE PRIME MINISTER ALL ABOUT? WE ASKED ABDUL KARIM SHAWWA (PROTECT), DIRECTOR OF LABOR AND MANPOWER AT THE OIL MINISTRY, A MAN WITH EXPERIENCE IN OIL INDUSTRY LABOR RELATIONS DATING BACK TO THE EARLY 50'S, WHEN HE AND THE PRESENT AMIR, THEN WORKING AT THE AHMADI GOVERNORATE, BOUNCED AROUND THE OIL FIELDS IN AN OLD FORD. SHAWWA PROVIDED THE FOLLOWING INFORMATION. TRADITIONALLY OIL WORKERS HAVE RECEIVED MUCH MORE THAN GOVERNMENT WORKERS - "TWO OR THREE TIMES THE PAY" - BECAUSE "THEY DO REAL WORK, AN EIGHT HOUR DAY, NOT 2-3 HOURS OF DRINKING COFFEE IN THE MINISTRIES. WITH THE RECENT ANNOUNCEMENT OF AN ACROSS THE BOARD PAY RAISE FOR CIVIL SERVANTS EFFECTIVE JULY 1, THERE IS AN OBVIOUS NEED TO RAISE THE WAGES OF OIL WORKERS, WHO HAVE RECEIVED NO INCREASES SINCE 1975. IN FACT, KOC AND THE MINISTRY WERE WORKING ON A WAGE/BENEFITS PACKAGE FOR THE OIL WORKERS MONTHS BEFORE THE ANNOUNCEMENT OF THE GOVERNMENT PAY INCREASE. THE PETROLEUM WORKERS FEDERATION HAS MERELY "CLIMBED ON THE BANDWAGON" BY ASKING FOR WHAT WAS ALREADY IN THE WORKS. ALTHOUGH THERE ARE NO COLLECTIVE BARGAINING PROCEDURES BETWEEN THE UNIONS AND THE GOVERNMENT AND NO AGREEMENTS REGARDING WAGES, BENEFITS, ETC., PETROLEUM WORKER FEDERATION LEADERS HAVE MET TWICE WITH THE OIL MINISTER RECENTLY. SHAWWA, WHO SAT IN ON BOTH MEETINGS, REPORTS THAT BESIDES WAGE INCREASES, DISCUSSION DEALT WITH MUNDANE, COMPLEX QUESTIONS REGARDING REALIGNMENT OF BENEFITS FOR WORKERS TO ENSURE INDUSTRY-WIDE COMPARABILITY SINCE BENEFITS WERE DIFFERENT IN THE VARIOUS COMPANIES TAKEN OVER BY THE GOVERNMENT. THE OIL MINISTER HAS ALREAD ENDORSED A PACKAGE OF INCREASES WHICH SHOULD BE APPROVED BY THE SUPREME OIL COUNCIL AND THEN THE COUNCIL OF MINISTERS IN A FEW WEEKS, SETTLING THE MATTER.

6. LEFTIST INFLUENCE. PWF PRESIDENT FARAJ AND HIS COLLEAGUES FREQUENTLY MOUTH LEFTIST RHETORIC, ESPECIALLY ON THE ANNUAL MAY DAY CELEBRATION (REF E). THEY OFTEN TRAVEL TO VARIOUS COMMUNIST-SPONSORED LABOR MEETINGS. IS THE GOK CONCERNED BY SUCH ACTIVITY? SHAWWA, WHOSE BUSINESS PARTNER IS SHAIKH MISHAL AL-SABAH, HEAD OF THE CID, REPLIED: "WE KNOW THAT FOREIGN EMBASSIES (I.E. THE SOVIETS AND OTHERS) ARE INVOLVED WITH FARAJ AND HIS COMPANIONS, BUT WE KEEP VERY CLOSE WATCH ON THEM. WE SEE NO NEED TO WORRY."

7. XENOPHOBIA. EVEN IF COMMUNIST CULTIVATION OF KUWAITI LABOR LEADERS IS CLOSELY WATCHED, COULD THERE BE A SPONTANEOUS OUTBREAK OF ANTI-WESTERN FEELING AMONG KUWAIT'S OIL WORKERS SIMILAR TO THAT IN IRAN? CERTAINLY IN THE PAST THERE WAS RESENTMENT OVER FOREIGN DOMINATION OF KUWAIT'S ONE MAJOR RESOURCE, OIL, NOT ONLY IN TERMS OF LEGAL CONTROL BUT ALSO OF MANPOWER. IN THE MID-60'S LESS THAN A THIRD OF KOC'S EMPLOYEES WERE KUWAITI. ALTHOUGH KOC SENT THROUGH THE MOTIONS OF A POLICY OF "KUWAITIZATION", EDUCATED KUWAITIS AT KOC FELT IT WAS A SHAM, SINCE MANY OF THE "KUWAITIS" BROUGHT IN TO INCREASE THE PERCENTAGE OF KUWAITIS IN THE WORK FORCE WERE IN FACT ILLITERATE BEDOUIN. SINCE 1973 KUWAITIZATION HAS BEEN MORE MEANINGFUL, WITH KUWAITI
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ANAGEMENT PUTTING SPECIAL EFFORT INTO TRAINING. WHILE
HIS POLICY HAS SHOWN MIXED RESULTS IN RETAINING KUWAITIS
CAUSE OF THE GREATER FINANCIAL REWARDS OF THE PRIVATE
CTOR AND THE RELATIVELY LITTLE WORK REQUIRED OF THEM
N GOVERNMENT JOBS, THE PERCENTAGE OF KUWAITIS AT KOC
AS INCREASED SUBSTANTIALLY. ACCORDING TO INTERNAL KOC
IGURES, AS OF JANUARY 31, 1979, 49.3 PERCENT OF THE
OMPANY'S 4,647 EMPLOYEES WERE KUWAITI M ANOTHER 5.4
ERCENT WERE TERMED "NATIONALITY UNPROVEN," USUALLY
IGNIFYING BEDOUIN WHO WILL EVENTUALLY OBTAIN KUWAITI
ATIONALITY. THUS ABOUT 55 PERCENT OF KOC EMPLOYEES
AN BE CONSIDERED KUWAITI. THE DETAILED BREAK-DOWN OF
MPLOYEES AS OF JANUARY 31, 1979 WAS AS FOLLOWS:

ATIONALITY	NO. OF EMPLOYEES	PERCENT
MERICAN	20	.4
UROPEAN	226	4.9
NDIAN/PAKISTANI	434	9.3
UWAITI	2,291	49.3
ATIONALITY UNPROVEN	249	5.4
THER ARAB	1,427	30.7
TOTAL	4,647	100.0

8. AS CAN BE SEEN FROM THE ABOVE BREAK DOWN, THE AMERICAN PRESENCE AT KOC IS SO TINY AS TO BE INVISIBLE, AND THE "WESTERN" PRESENCE (LARGELY BRITISH - ABOUT 150) IS NOT LARGE. KOC IS NOW A KUWAITI/ARAB COMPANY, AND IS NOT CULTURALLY SEPARATE FROM KUWAIT, AS IT WAS IN THE OLD DAYS WHEN A TRIP FROM KUWAIT CITY TO AHMADI, WITH ITS MOVIE THEATER AND OTHER WESTERN TRAPPINGS, WAS AN ADVENTURE. NOW LARGE HOUSING DEVELOPMENTS FOR KUWAITIS ESTEND ALMOST UP TO KOC HEADQUARTERS ON AHMADI HILL, ONCE AN ISOLATED MODERN ENCLAVE, SEPARATED FROM KUWAIT CITY BY MILES OF BARREN DESERT. KOC'S CHAIRMAN, AHMAD JAAFAR, GOT HIS

JOB BECAUSE OF HIS EXCELLENT PERFORMANCE AS DIRECTOR OF PERSONNEL IN THE EARLY 70'S. FROM ALL WE HEAR HE HAS CONTINUED TO KEEP HIS EAR VERY MUCH ATTUNED TO PERSONNEL MATTERS AT KOC, DOWN TO THE LOEST STAFF. AN EASY-GOING TYPE, HE SEEMS TO HAVE AN ABILITY TO GET ALONG WELL WITH ALL SOCIAL STRATA AND THE VARIOUS NATIONAL GROUPS AT KOC. HIS DEPUTY, CAPTAIN FAISAL AL-GHANIM, EARNED HIS STRIPES WORKING HIS WAY UP ON MERCHANT SHIPS FOR 15 YEARS. WORKERS CANNOT ACCUSE EITHER MAN OF BEING DISTANT OR ALLOF WESTER-ORIENTED BUREAUCRATS DISTANT FROM THEIR CONCERNS OR WAY OF LIFE.

9. SHIA FACTOR. OUR BEST ESTIMATE (SEE REF C) IS THAT TWENTY PERCENT OF KUWAITIS BELONG TO THE SHIA MUSLIM SECT. SINCE FIFTY-FIVE PERCENT OF KOC EMPLOYEES ARE KUWAITI, THIS WOULD MEAN ROUGHTLY TEN PERCENT OF KOC'S WORK FORCE IS SHIA (THERE BEING FEW FOREIGN SHIA WORKERS). WE HAVE NEVER HEARD OF THE SHIA WORKERS AT KOC ACTING AS A CONCERTED GROUP OR RAISING ANY PARTICULAR SPECIAL DEMANDS AND DOUBT THAT THERE IS A "SHIA FACTOR" AT KOC WHICH COULD BE INFLUENCED BY EVENTS IN IRAN, WHICH WOULD ACT IN AN ORGANIZED MANNER TO DISRUPT PRODUCTION. IN THIS VEIN, A LEADING SHIA MERCHANT IN TOWN, ABDUL LATIF AL-KAZEMI, HAS TOLD US KUWAIT'S SHIA SEE NO MILEAGE IN MAKING WAVES ON THE BASIS OF THEIR RELIGION. KUWAITIS ARE A MINORITY IN THEIR OWN COUNTRY, HE OBSERVES, AND IT IS POINTLESS FOR KUWAITIS TO DIVIDE AGAINST THEMSELVES. MOREOVER, KAZEMI BELIEVES THAT FRICTION BETWEEN SUNNI AND SHIA IN KUWAIT IS SLIGH AND DECLINING AS INCREASING LITERACY ERASES THE SECTARIAN PREJUDICES WHICH EXISTED DUE TO IGNORANCE.

10. PALESTINIAN WORKERS. IN 1967 PALESTINIAN WORKERS AT KOC DISRUPTED PRODUCTION BY ATTEMPTING TO DEPART KUWAIT IN SIGNIFICANT NUMBERS OF BLAGERIA IN RESPONSE TO ALGERIS'S CALL FOR VOLUNTEERS DURING THE JUNE WAR. COULD SOME MAJOR EVENT IN THE MIDDLE EAST CAUSE THE PALESTINIAN WORKERS TO DISRUPT PRODUCTION AGAINJN IF ONLY BY NOT REPORTING TO WORK? WHAT IS THE SIGNIFICANCE OF PALESTINIAN WORKERS IN THE OIL INDUSTRY, ESPECIALLY AT KOC? ITS COMPUTER PRINT-OUT ON EMPLOYEES DOES NOT BREAK DOWN "OTHER ARAB" INTO PALESTINIAN, EGYPTIAN, SYRIAN N ETC. KOC'S PERSONNEL MANAGER TOLD US THA THE "GREAT MAJORITY" OF

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UO/AMEMBASSY MOSCOW 424
UT/AMEMBASSY MUSCAT 2007
UE/AMEMBASSY NEW DELHI 396
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6 JUN 79 16 05Z

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THER ARABS" AT THE COMPANY ARE PALESTINIAN, FORLLOWED
EGYPTIANS, SYRAINS, LEBANESE, IRAQIS AND OTHERS. IF
REAT MAJORITY" IS TAKEN TO BE TWO-THIRDS OF THE OTHER
ABS, THIS WOULD MAKE PALESTINIANS 20 PERCENT OF THE
PLOYEE TOTAL. IF THREE-QUARTERS, THE GIURE WULD
SE TO 23 PERCENT OF ALL EMPLOYEES. WHILE NO LONGER
LARGE PROPORTION OF TE TOTAL KOC WORK FORCE, THE
LESTINIANS COULD DISRUPT PRODUCTION OR PERHAPS EVEN
ING IT TO A HALT IF THEY WERE IN KEY PRODUCTION-
LATED POSITIONS. ACCORDING TO A KNOWLEDGEABLE
FICIAL WITH TWENTY YEARS' EXPERIENCE AT THE OIL
NISTRY, PALESTINIANS HAVE BEEN SYSTEMATICALLY REMOVED
OM SUCH POSITIONS, WHICH ARE NOW MANNED ALMOST EX-
USIVELY BY KUWAITIS. MOREOVER, WHEREVER FEASIBLE,
TOMATION HAS BEEN INTRODUCED. FOR EXAMPLE, IN 1967
F GATHERING CENTERS REQUIRED THREE SHIFTS WORKING
UND THE CLOCK, WITH WORKERS MANUALLY OPENING AND
UTTING VALVES CONTROLLING OIL FLOW. NOW AUTOMATED
UIPMENT REQUIRES ONLY A FRACTION OF THE MANPOWER NEEDED
FORE, AND THESE WORKERS MAN ONLY ONE SHIFT DURING THE
AY. FOR ALL PRODUCTION OPERATIONS A TOTAL OF ONLY 448
PLOYEES ARE NOW REQUIRED. WHILE A FEW PALESTINIAN
RKERS REMAIN IN THE OIL FIELDS, THOSE WHO DO SO NOW
RK SIDE BY SIDE WITH KUWAITIS WHO HAVE BEEN TRAINED
THEIR FIELD OF EXPERTISE AND WHO CONTINUE TO REPLACE
M. MOST PALESTINAINA WORKERS HAVE BEEN MOVED OUT OF
PRODUTION SIDE OF KOC AND CONCENTRATED IN REFINERY
RATIONS AND ADMINISTRATIVE POSITIONS, NEITHER OF WHICH
F CRITICAL TO CONTINUED OIL PRODUCTION. FINALLY, AS
N-KUWAITIS, PALESTINIANS CAN ONLY BECOME UNION MEMBERS
TER FIVE YEARS ON THE JOB AND CAN NEVER HOLD UNION
FICE. PALESTINIAN WORKERS AT KOC ARE NOT ORGANIZED.

11. SABOTAGE. ALL THE ABOVE SIAD, THE POSSIBILITY FOR SABOTAGE WILL ALWAYS REMAIN. KOC SPENDS A LOT OF MONEY ON SECURITY AND HAS INSTALLED SOPHISTICATED ALRM AND OTHER EQUIPMENT AROUND THE OIL FIELDS. A FEW DETERMINED MEN COULD OBVIOUSLY DO SOME DAMAGE. BUT IT IS OUR IMPRESSION THAT THE SITUATION AT KOC MAKES THE OIL FIELDS HERE AS SAFE AS ANYWHERE IN THE GULF AND PROBABLY MORE SECURE, SINCE KUWAIT IS OF SUCH ECONOMIC IMPORTANCE BOTH TO THE LIVELOHOOD OF SO MANY PALESTINIANS AND TO THE PLO ITSELF WHICH BENEFITS FROM GOK FINANCIAL CONTIBUTIONS.

13. POSSIBLE DISRUPTION OF SAUDI-KUWAITI PARTITIONED ZONE PRODUCTION. BESIDES THE PRODUCTION OF ITS MAJOR PRODUCER, KOC, NOW RUNNING AT OVER 2.2 MILLION B/D, KUWAIT

RECEIVES THE REVENUE FROM HALF O THE THE APPROXIMATELY 453,000 B/D OFFSHORE PRODUCTION OF THE ARABIAN OIL COMPANY (AOC). WHOSE INSTALLATIONS ARE PHYSICALLY LOCATED ON THE SAUDI SIDE OF THE PARTIIONED ZONE, AND ALL THE REVENUE FROM THE C. 85,000 B/D PRODUCTIO OF THE NATIONALIZED AMERICAN INDEPENDENT OIL COMPANY (AMINOIL, WHOSE FACILITIES ARE PHYSICALLY LOCATED ON THE KUWAITI SIDE OF THE PARTITIONED ZONE. KUWAIT RECEIVES NO REVENUE FROM THE GETTY OIL COMPANY, THE OTHER PARTITIONED ZONE CONCESSIONAIRE (GETTY'S FACILITIES ARE IN KUWAIT, BUT IT HAS A SAUDI CONCESSION.) GETTY'S WORK FORCE IS 88 PERCENT SAUDI. WHILE THIS CAUSES ENDLESS COMPLICATIONS WITH KUWAITI AUTHORITIES, WE HAVE NEVER HEARD OF ANY ORGANIZED LABOR ACTIVITY AT GETTY OIL OR OF LABOR PROBLEMS WHICH COULD LEAD TO DISRUPTION OF PRODUCTION. THE SAME APPEARS TO HOLD TRUE FOR AOC, WHOSE WORK FORCE IS MOSTLY SAUDI. (AMCONSUL DHAHRAN MAY WISH TO COMMENT). OF AMINOIL'S 900 EMPLOYEES, A THIRD WERE KUWAITIS AND THE REST "OTHER ARABS", (MOSTLY PALESTINIANS AND EGYPTIANS) IN 1976, THE YEAR OF THE LAST COMPANY ANNUAL REORT. SINCE THEN THE KUWAITI PERCENTAGE HAS INCREASED AND WAGES, ESPECIALLY FOR KUWAITI EMPLOYEES, HAVE GOEN UP. WE KNOW OF NO LABOR PROBLEMS IN EX-AMINOIL CONCESSIONS, WHOSE OIL INSTALLATIONS ARE NOW MANAGED BY KOC.

14. COMMENT. OBVIOUSLY, KUWAIT'S OIL PRODUCTION COULD BE DISRUPTED BY POLITICAL DISTURBANCES WHICH WERE THE RESULT OF A VARIETY OF POSSIBLE CIR-
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C/AMEMBASSY CAIRO 2440
DH/AMCONSUL DHAHRAN 4014
OD/AMEMBASSY DOHA 2564
D/AMEMBASSY ISLAMABAD 234
RA/AMEMBASSY JIDDA 6329
/AMEMBASSY LONDON 3499
/AMEMBASSY MANAMA 3934
MO/AMEMBASSY MOSCOW 425
MT/AMEMBASSY MUSCAT 2008
AE/AMEMBASSY NEW DELHI 397
PS/AMEMBASSY PARIS 2222
HR/AMEMBASSY TEHRAN 4743
KO/AMEMBASSY TOKYO 622
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N F I D E N T I A L SECTION 5 OF 5 KUWAIT 2718

TANCES, E.G. A PALESTINIAN UPRISING INSTIGATED BY
ATISFACTION WITH A CHANGE IN GOK POLICY TOWARD
LIBERATION OF PALESTINE - AN UNLIKELY DEVELOPMENT.
WED IN THE CONTEXT OF THE IRANIAN SITUATION, HOWEVER,
RE OIL WORKERS HAVE ASSUMED A ROLE IN DETERMINING
DUCTION LEVELS, ETC., THE KUWAITI OIL INDUSTRY LABOR
CE IS CLEARLY MUCH MORE STABLE AND LESS LIKELY TO
LLENGE THE GOVERNMENT AND TO UNDERTAKE ANY ACTIONS
T WOULD DISRUPT THE OIL PRODUCTION WHICH IS
AIT'S LIFE BLOOD.
MAESTRONE

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C O N F I D E N T I A L KUWAIT 2807

12 JUN 79 10 22z

E.O. 12065: GDS 6/11/85 (CLUNAN , JAMES L.) OR-P
TAGS: PEPR,PINS, IZ, IR,KU
SUBJECT: (U) IRAQI-IRANIAN AND KUWAITI-IRANINA RELATIONS

REF: BAGHDAD 1210

1. (U) JUNE 4 KUWAIT MEDIA REPORT THAT GOK SPOKESMAN, MINISTER OF STATE FOR CABINET AFFAIRS ABDUL AZIZ HUSSAIN, DENIED, AS "UNFOUNDED AND BASELESS," CHARGES BY THE GOVERNOR OF KHUZISTAN PROVINCE THAT KUWAIT WAS INCITING REVOLT AGAINST THE ISLAMIC REGIME IN IRAN. ACCORDING TO AL-QABAS, HUSSAIN ALSO SAID THAT THE GOK HAD NO PLANS TO MEDIATE DIFFERENCES BETWEEN IRAQ AND IRAN.

2. (C) IN THE COURSE OF A DISCUSSION JUNE 10 WITH KUWAIT MFA LEGAL ADVISOR TAREQ RAZOUQI, POLCHIEF INQUIRED ABOUT IRAN'S REATIONS WITH ITS ARAB NEIGHBORS, AND ABOUT RUMORS THAT IRAQ MIGHT BE ENCOURAGING TROUBLE IN KHUZISTAN. OBSERVING THAT IRAQ IS A SECULAR STATE GOVERNED BY A SUNNI MINORITY, RZAOUQI SAID THE BAGHDAD LEADERSHIP WAS CONCERNED THAT THE "SHI'ITE GOVERNMENT" IN IRAN MIGHT INPSIRE TROUBLE AMONG IRAQ'S SHI'ITES. HE TOOK IT FOR GRANTED THAT THERE WAS SOME IRAQI INVOLVEMENT IN KHUZISTAN.

) RAZOUQI REPORTED THAT LAST WEEK IRANIAN CHARGE
ARIFI HAD COMPLAINED TO KUWAITI FOREIGN MINISTER
AL-AHMAD AND OTHER MFA OFFICIALS ABOUT KUWAITI
RT FOR THE ARABS IN KHUZISTAN, AS VOICED IN
T'S MEDIA. IN PARTICULAR, GOLSHARIFI HAD EXPRESSED
RN ABOUT THE USE OF THE OF THE WORD "ARABISTAN" IN KUWAIT
APERS, A TERM WHICH HAD EVEN BEEN REPEATED ON
T RADIO. THE FOREIGN MINISTER AND HIS
HAD EXPLICITYLY DENIED ANY KUWAITI MEDDLING IN
STAN AS BEING CONTRARY TO KUWAIT'S POLICY OF NON-
FERENCE IN THE AFFAIRS OF OTHER COUNTRIES. ASKED
OCCASIONED THIS IRANIAN COMPLAINT, RAZOUQI SAID
GOLSHARIFI HAD BEEN CALLED TO THE FOREIGN MINISTRY
AR KUWAIT'S OBJECTION TO RADIO STATEMENTS BY
ISTAN GOVERNOR MADANI THAT THE GOVERNMENT OF KUWAIT
INCITING TROUBLE. WHEN GOLSHARIFI HAD POINTED TO
INENT PLAY GIVEN TO TURMOIL IN "ARABISTAN" BY
AIT MEDIA AS A POSSIBLE REASON FOR THE GOVERNOR'S
CAS , THE KUWAITI SIDE REPLIED THA THE MEDIA
T REPRESENT THE GOVERNMENT POINT OF VIEW. MOREOVER,
OREIGN MINISTER PROMISED TO PUT AN END TO THE
LESOME STORIES AND TO PREVENT THE REPETITION OF
BJECTIONALBE WORD "ARABISTAN."

(C) NOTING KUWAIT'S CONCILIATORY ATTITUDE ON THIS
NT, AS WELL AS A RECENT FRIENDLY PUBLIC STATEMENT
T IRAN BY SHAIKH SABAH AL-AHMAD, POLCHIEF WONDERED
ER KUWWAIT MIGHT TAKE THE FURTHER STEP OF
RAGING IRAQ TO CURTAIL ITS RUMORED ACTIVITES IN
ISTAN. RAZOUQI THOUGHT THIS UNLIKELY.
STRONE

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FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 3885
INFO RUQMBI/AMEMBASSY ABU DHABI 4748
RUEHAM/AMEMBASSY AMMAN 3090
RUEHAD/USINT BAGHDAD 734
RUQMBE/AMEMBASSY BEIRUT 5595
RUEHEG/AMEMBASSY CAIRO 2455
RUEHDM/AMEMBASSY DAMASCUS 1663
RUQMOD/AMEMBASSY DOHA 2580
RUEHJM/AMCONSUL JERUSALEM 509
RUQMRA/AMEMBASSY JIDDA 6351
RUDTC/AMEMBASSY LONDON 3514
RUQMAM/AMEMBASSY MANAMA 3942
RUQMMT/AMEMBASSY MUSCAT 2018
RUQMYA/USLO RIYADH 372
RUQMNS/AMEMBASSY SANA 1371
RUFNPS/AMEMBASSY PARIS 2239
RUQMHR/AMEMBASSY TEHRAN 4757
RUEHTV/AMEMBASSY TEL AVIV 1177
RUEHIA/USICA WASHDC
RUSNAAA/USCINCEUR VAIHINGEN GE
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USINCEUR FOR POLAD

E.O. 12065: GDS 6/17/85 (SUTHERLAND, PETER A.) OR-M
TAGS: SOPN, PGOV, PEPR, PINR, PINS, XF, KU
SUBJ: POLITICAL REASSESSMENT: ORIENTATION AND INFLUENCE OF THE MASS MEDIA

REFS: A) STATE 38873, B) KUWAIT 1443, C) KUWAIT 2807, D) KUWAIT 1471, E) KUWAIT 692, F) KUWAIT 1711, G) KUWAIT 1943

1. (C - ENTIRE TEXT).

2. SUMMARY. THE MASS MEDIA IN KUWAIT AS CONSTITUTED AT PRESENT IS NO POTENTIAL THREAT TO THE SECURITY AND STABILITY OF THE COUNTRY AND ITS GOVERNMENT EXCEPT PERHAPS UNINTENTIONALLY THROUGH INACCURATE REPORTING. THE BROADCAST MEDIA ARE ENTIRELY CONTROLLED BY THE MINISTRY OF INFORMATION. ALL PRINTED PERIODICALS APART FROM GOVERNMENT PUBLICATIONS, ARE OWNED, MANAGED, AND EDITED BY LOYAL KUWAITI CITIZENS, AND ARE SUBJECT TO STRICT BUT POST-PUBLICATION CONTROL BY THE GOVERNMENT. ONE SEES A FAR BROADER RANGE OF POLITICAL SPECUALTION AND COMMENTARY IN THE KUWATI PRESS THAN IN THAT OF ALMOST EVERY OTHER ARAB COUNTRY, BUT IT DWELLS FAR MORE HEAVILY ON ARAB WORLD THAN ON KUWAITI

SUES. FOR THIS REASON KUWAITI PERIODICALS ARE READ AND QUOTED
DELY IN THE AREA; BUT THE THREAT OF SUSPENSION OF PUBLICATION,
D, UNDER RECENT AMENDMENTS TO THE PRESS LAW, IMPRISONMENT OF
NDING EDITORS, EFFECTIVELY PREVENTS THE PRESS FROM PRINTING
ENTARY WHICH MIGHT SERIOUSLY DAMAGE KUWAITI RELATIONS WITH
HBORING STATES, OR BORADCAST DOUBTS ABOUT THE INTEGRITY OR
OM OF THE RULING FAMILY. THE PUBLIC HAS SHOWN LITTLE INTEREST
ROTESTING GOVERNMENT CLAMPDOWNS ON THE PRESS WHEN THEY
OCCURRED, AND THE GOVERNMENT, FOR ITS PART, HAS DEMONSTRATED
NSIDERABLE DEGREE OF TOLERANCE. IT PERMITS USE OF THE
Y PAPERS AS AN ESCAPE VALVE FOR POPULAR SENTIMENT, AS
NTLY AMONG THE PALESTINIAN COMMUNITY IN REGARD TO ITS
NTMENT OF EGYPT'S SIGNING THE PEACE TREATY WITH ISRAEL. E
VERNMENT ALSO FLOATS CONTENTIOUS TRIAL BALLONS IN THE PRESS,
IN ITS RECENT STIMULATION OF DEBATE ABOUT RESTORING THE
TIONAL ASSEMBLY. THE KUWAITI PRESS IS MORE THAN READY TO
LGE IN DEBATE ABOUT, OR APPEALS FOR, CHANGES IN THE
VERNMENTAL SYSTEM IN THE COUNTRY, BUT ITS KUWAITI OWNERS
EDITORS FOR THE MOST PART HAVE NO QUARREL WITH THE MAIN
ICIES OF THE GOVERNMENT AND THEY SHARE THE VERY WIDELY-HELD
AITI CONSENSUS THAT THE DEMONSTRATED SUCCESS OF THE PRESENT
TEM IN PROVIDING DOMESTIC PEACE AND PROSPERITY DESERVES
NTINUED SUPPORT. END SUMMARY.

THE MEDIA: KUWATI OWNED, GOVERNMENT CONTROLLED: KUWAIT
IO AND TELEVISION ARE STATE-OPERATED INSTITUTIONS WITH POLICIES
EPARABLE FROM THOSE OF THE MINISTRY OF INFORMATION WHICH IS
ONSIBLE FOR THE MEDIA IN KUWAIT. A STRICT PRESS LAW GOVERNS
RATIONS OF THE PRINTED MEDIA, EXPRESSLY FORBIDDING THE PRESS TO
TACK FOREIGN HEADS OF STATE OR TO PRINTATERIAL PAID FOR
FOREIGN GOVERNMENTS. BEYOND THESE PROSCRIPTIONS THERE EXISTS
UNDERSTANDING THAT THE PRESS RISKS SUSPENSION OF PUBLICATION,
D, BY RECENT AMENDMENT OF THE PRESS LAW, JAIL FOR OFFENDING
ITORS, IF IT PRINTS MATERIAL DAMAGING TO THE SECURITY OF THE
ATE. THE GOVERNMENT HAS SHOWN CONSIDERABLE RESTRAINT IN
NCTIONING INFRINGEMENTS OF THESE GUIDELINES; DURING LATE 1976
1977 THERE WERE ONLY SCATTERED INSTANCES OF PAPERS
PENDED BRIEFLY. NO ONE HAS BEEN JAILED, BUT A COUPLE OF
ATRIATE JOURNALISTS HAVE BEEN DEPORTED, MOST RECENTLY AWNI
DIQ, A PALESTINIAN EMPLOYED BY AL-WATAN. THE KUWAIT PUBLIC,
ITS PART, HAS SHOWN LITTLE INTEREST IN PROTESTING ACTIONS
THE MINISTRY OF INFORMATION TO ENFORCE PRESS DECIPLINE.

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INFO RUQMBI/AMEMBASSY ABU DHABI 4749
RUEHAM/AMEMBASSY AMMAN 3091
RUEHAD/USINT BAGHDAD 735
RUQMBE/AMEMBASSY BEIRUT 5596
RUEHEG/AMEMBASSY CAIRO 2456
RUEHDM/AMEMBASSY DAMASCUS 1664
RUQMOD/AMEMBASSY DOHA 2581
RUEHJM/AMCONSUL JERUSALEM 510
RUQMRA/AMEMBASSY JIDDA 6352
RUDTC/AMEMBASSY LONDON 3515
RUQMAM/AMEMBASSY MANAMA 3943
RUQMMT/AMEMBASSY MUSCAT 2319
RUQMYA/USLO RIYADH 373
RUQMNS/AMEMBASSY SANA 1372
RUFNPS/AMEMBASSY PARIS 2240
RUQMHR/AMEMBASSY TEHRAN 4758
RUEHTV/AMEMBASSY TEL AVIV 1178
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4. THERE ARE GOVERNMENT PUBLICATIONS, INCLUDING THE INFLUENTIA AL-ARABI WHICH HAPPENS TO BE EDITED BY A WELL-KNOWN EGYPTIAN, BUT THE PRIVATE KUWAITI PRESS IS ALMOST ENTIRELY OWNED AND EDI BY KUWAITI CITIZENS. MUCH OF THE PROFESSIONAL STAFF OF THESE PERIODICALS IS EXPATRIATE ARAB -- PALESTINIAN, EGYPTIAN, SYRIA OR LEBANESE --, AND PERIODICAL CONTENT OFTEN REFLECTS THE INTERESTS OF THEIR EXPATRIATE COMMUNITIES. IN THEORY, THOUGH NOT IN PRACTICE, THIS SITUATION COULD RESULT IN TWO SORTS OF DEVELOPMENTS: THE USE OF THE KUWAITI PRESS FOR THE STIMULATION OR CONTEST OF CONTROVERSIES BETWEEN COMPETING STATES OR FACTIO WITHIN THE ARAB WORLD; OR THE AIRING OF GRIEVIANCES NURTURED AMONG THE EXPATRIATE COMMUNITIES HERE AGAINST THE KUWAIT GOVERNMENT.

5. THE FORMER POSSIBILITY W QUITE EFFECTIVELY ADDRESSED IN AUGUST, 1976, COINCIDENT WITH SUSPENSION OF THE NATIONAL ASSEMBLY, WHEN THE GOVERNMENT ANNOUNCED STRICT PENALTIES FOR PRINTING OF MATERIAL PAID FOR BY OTHER STATES. VIOLENT INTER-ARAB EMOTIONS HAD ARISEN AT THAT TIME OVER THE CHAOTIC CIVIL WAR IN LEBANON, AND THEIR SPILLING

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R INTO NATIONAL ASSEMBLY DEBATES AND INT CONTROVERSIAL PRESS
MENTARY SEEMED TO THREATEN TO INVOLVE KUWAIT AGAINST ITS
L IN INTER-ARAB DISPUTES. WHILE NO ONE IS UNDER THE ILLUSION
T LOCAL JOURNALISTS NOW NEVER ACCEPT GIFTS FOM OUTSIDERS,
PARTISAN VIRULENCE OF THE PRESS IN MID-1976 HAS DISAPPEARED.

. WITH RESPECT TO THE POSSIBILITY THAT EXPATRIATE COMMUNITY
EVANCES AGAINST THE GOVERNMENT MIGHT BE AIRED IN THE LOCAL
SS, ONE SUSPECTS, SIMPLY, THAT SUCH ISSUES - REAL THOUGH
Y ARE - BOTH LACK ENOUGH HEAT TO GENERATE PRESSURE AND ALSO
OF LITTLE GENUINE CONCERN TO KUWAITI OWNERS AND EDITORS.
CAN ALWAYS AND EASILY GET AN EARFUL OF COMPLAINTS BY
AL PALESTINIANS THAT THEY ARE DISADVANTAGED BY KUWAITI
S OR PRACTICES, BUT SUCH COMMENTARY RARELY REACHED THE
NTED PAGE.

. PALESTINIAN PRESSURE - THE PRESS AS AN ESCAPTE VALVE:
HAPS IN PART AS COMPENSATION FOR THIS LACK OF OUTLET FOR
IR COMPLAINTS, PALESTINIAN OR PRO-PALESTINIAN OPINION ON
DLE EAST DEVELOPMENTS RECEIVES VERY FREE REIN IN THE KUWAITI
SS. RECENT EXTREME CRITICISM OF PRESIDENT SADAT, TOLERATED
PITE THE GENERAL INJUNCTION ON ATTACKS AGAINST FOREIGN
DS OF STATE, HAS BEEN PERMITTED, EXPRESSLY, AS A FORM OF
APE VALVE -- A WAY FOR THE LARGE PALESTINAIAN COMMUNITY TO
W OFF STEAM WITH MINIMUM DAMAGE DONE (REF B). AND, WITH
ER STRICT IF VAGUE LIMITS PLACED ON INVESTIGATIVE REPORTING
ON COMMENTARY CRITICAL OF LOCAL DEVELOPMENTS, THE PRESS
LLS HEAVILY ON FOREIGN AFFAIRS AND ESPECIALLY ON MIDDLE
T MATTERS. IN A SURVEY TAKEN A FEW MONTHS AGO 94 OUT OF
EDITORIALS IN KUWAITI ARABIC DAILIES PROVED TO BE ON FOREIGN
FAIRS ISSUES. OF 150 SPECIAL ARTICLES PUBLISHED DURING THE
ME PERIOD, ONLY 60 DEALT WITH DOMESTIC ISSUES. MOST "THINK
CES" (EDITORIALS, COMMENTARIES AND ANALYSES) ARE
TTEN BY KUWAITIS, NOT EXPATRIATES, AND IF THEY TEND TO
A STRIDENTLY PRO-PALESTINIAN LINE, THAT IS ENTIRELY
SONANT WITH OFFICIAL GOVERNMENT POLICY, AND WITH THE
LT INTERESTS OF KUWAITI OWNERS AND EDITORS IN SUSTAINING
E GOOD WILL OF THE PALESTINIAN COMMUNITY WITHIN AND OUTSIDE KUWAIT

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RUEHAM/AMEMBASSY AMMAN 3092
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RUQMBE/AMEMBASSY BEIRUT 5597
RUEHEG/AMEMBASSY CAIRO 2457
RUEHDM/AMEMBASSY DAMASCUS 1665
RUQMOD/AMEMBASSY DOHA 2582
RUEPJM/AMCONSUL JERUSALEM 511
RUQMRA/AMEMBASSY JIDDA 6353
RUDTC/AMEMBASSY LONDON 3516
RUQMAM/AMEMBASSY MANAMA 3944
RUQMMT/AMEMBASSY MUSCAT 2020
RUQMYA/USLO RIYADH 374
RUQMNS/AMEMBASSY SANA 1373
RUFNPS/AMEMBASSY PARIS 2241
RUQMHR/AMEMBASSY TEHRAN 4759
RUEHTV/AMEMBASSY TEL AVIV 1179
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ALTHOUGH MANY KUWAITIS PRIVATELY RESENT THE STRONG INFLUENCE THE PALESTINIANS, PUBLICITY ACCORDED THE PALESTINIAN CAUSE IS NON-CONTROVERSIAL AMONG THEM.

8. OTHER FOREIGN AFFAIRS ISSUES SPRING UP FROM TIME TO TIE TO TEST THE GOVERNMENT'SPRESS POLICY. A RECENT EXAMPLE IS THE OUTBREAK OF IRANIAN ARAB DEMONSTRATIONS IN KHUZISTAN, REPORTEDLY IN SUPPORT OF APPEALS FOR AUTONOMY. THE IRANIAN GOVERNMENT TOOK STRONG OFFENSE AT REPORTING AND COMMENTARY IN THE KUWAITI PRESS WHICH USED THE TERM "ARABISTA IN LIEU OF THE IRANIAN-APPROVED "KHUZISTAN", AND THE KUWAITI GOVERNMENT QUICKLY INSTRUCTED THE LOCAL PRESS TO CHANGE ITS TERMINOLOGY (REF C). THERE HAVE BEEN OTHER INSTANCES IN WHICH INTER-ARAB DISPUTES HAVE AVOIDED NOTICE ALTOGETHER IN THE LOCAL PRESS, PRESUMABLY AS A RESULT OF "GUIDANCE" FROM THE INFORMATION MINISTRY, ALWAYS ALERT TO AVOID ACCUSATION THAT T KUWAITI PRESS HAS TAKEN A PARTISAN POSITION.

9. DOMESTIC AFFAIRS - THE GOSSIP SOCIETY:
FROM THE STANDPOINT OF ITS POTENTIAL WITH RESPECT TO STABILIT

ND SECURITY OF THE STATE, THE PRACTICE OF THE KUWAITI PRESS
GARDING DOMESTIC POLITICS IS PERHAPS MOST RELEVANT. FIRST OF
L, KUWAITIS DO NOT DEPEND ON THE PRESS FOR THEIR LOCAL NES.
EIRS IS A "GOSSIP SOCIETY", IN WHICH WORD OF MOUTH CARRIES
GNIFICANT NEWS THROUGHOUT THE COMMUNITY ALMOST FASTER THAN IT
ULD BE BROADCAST. IN THEIR OFFICES OR "DIWANIYYAS" KUWAITIS
LK VERY FREELY, "NOT FOR PUBLICATION", ABOUT THE RULING
MILY, CORRUPTION IN HIGH PLACES, OR PROPOSALS FOR REPRESENTATIVE
STITUTIONS.

. AGAINST THIS BACKGROUND THE NEWSPAPERS NEED NOT BE EXPLICIT
DISCUSSING CONTROVERSIAL DOMESTIC MATTERS: ALLUSIONS WILL
FFICE. THERE HAVE BEEN EXTENSIVE CAMPAIGNS WAGED IN THE PRESS
AINST WRONGDOING, ONE OF THE LATEST BEING A SERIES OF STORIES
D COMMENTARIES, MOSTLY WRITTEN ALLEGORICALLY AND WITHOUT
MING NAMES, WHICH EMPHASIZED LOCAL GOSSIP CONCERNING THE
CULATIONS OF A MINISTER, WHO, COINCIDENTALLY OR NOT,
SIGNED HIS OFFICE WHEN THE CAMPAIGN HAD BEEN RUNNING SOME
EKS (REF D). ONE IS TEMPTED TO CITE THE CASE AS PROOF OF
E POWER OF THE PRESS. GIVEN THE CLOSELY-KNIT NATURE OF KUWAITI
TABLISHMENT SOCIETY, HOWEVER, THERE IS ALWAYS THE QUESTION
ETHER PRESS CAMPAIGNS OF THIS NATURE ARE THE RESULT OF STRONGLY
LD MORAL OR POLITICAL CONVICTIONS, OR ONLY SPRING FROM INTER-
MILY FEUDS. IF THE CAMPAIGN WERE TO BE LAUNCHED AGAINST A
UE FAVORITE OF THE AMIR OF ONE OF HIS CLOSE FAMILY, THE
SUMPTION IS THAT IT WOULD BE PROMPTLY SQUELCHED. IF AN ATTACK
SOMEONE IS ALLOWED TO PERSIST, IT MUST BE THAT THE AMIR THINKS
THER THAT THE INDIVIDUAL CONCERNED DESERVES ATTACK, OR THAT
THINKS SUFFICIENTLY LITTLE OF THE INDIVIDUAL AS TO SACRIFICE
M IN THE NAME OF FREEDOM OF THE KUWAITI PRESS. THE RULING
RCLES IN KUWAIT ARE SENSITIVE TO ATTACK, IN JOURNALS WHICH
LL BE READ THROUGHOUT THE EASTERN ARAB WORLD, BUT THEY ARE
SO PROUD OF THE KUWAITI PRESS AND ITS REPUTATION AS ONE OF
E MORE FREE-SWINGING MEDIA IN THE AREA.

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RUEHAM/AMEMBASSY AMMAN 3093
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RUEHDM/AMEMBASSY DAMASCUS 1666
RUQMOD/AMEMBASSY DOHA 2583
RUEHJM/AMCONSUL JERUSALEM 512
RUQMRA/AMEMBASSY JIDDA 6354
RUDTC/AMEMBASSY LONDON 3517
RUQMAM/AMEMBASSY MANAMA 3945
RUQMMT/AMEMBASSY MUSCAT 2021
RUQMYA/USLO RIYADH 375
RUQMNS/AMEMBASSY SANA 1374
RUFNPS/AMEMBASSY PARIS 2242
RUQMHR/AMEMBASSY TEHRAN 4760
RUEHTV/AMEMBASSY TEL AVIV 1180
RUEHIA/USICA WASHDC
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11. DEMOCRACY DEBATED:
THE NATIONAL ASSEMBLY, SUSPENDED IN AUGUST, 1976 WITH THE PROMISE THAT REPRESENTATIVE GOVERNMENT WOULD BE RESTORED WITHIN FOUR YEARS, HAS BEEN A HOT TOPIC RECENTLY. THE DISSOLUTION OF THE ASSEMBLY WAS THE "BIGGEST THING" IN KUWAITI POLITICAL HISTORY IN A LONG TIME. THERE WERE KNEE-JERK NEGATIVE REACTIONS, AND A GREAT MANY SIGHS OF RELIEF AS THE DEMOGOGUERY STOPPED FLOWING FROM THE PEOPLE'S CHOSEN REPRESENTATIVES. THEN, AYATOLLAH KHOMEINI'S REVOLUTION IN IRAN REACHED A CLIMAX JUST ABOUT THE TIME THAT THE ADVISORS TO THE CROWN PRINCE/PRIME MINISTER GOT TO HIM WITH ADVICE THAT IT WAS TIME TO START THINKING OF HOW TO IMPLEMENT THE PROMIS OF RESTORATION OF REPRESENTATIVE GOVERNMENT BY AUGUST, 1980. ONE OF THE APPARENT LESSONS OF THE KHOMEINI REVOLUTON WATHAT STABLE GOVERNMENTS HAVE TRULY REPRESENTATIVE ASSEMBLIES. SEEKING TO APPEAR OPEN AT A TIME WHEN AUTOCRATIC REGIMES WERE UNDER STRESS, AND SEEKING TO ASSURE KUWAITIS THAT ITS WORD WAS GOOD, THE GOVERNMENT OF KUWAIT LET IT BE KNOWN THAT THE DAILY PRESS SHOULD DEBATE THE ISSUES OF WHAT SORT OF ASSEMBLY, WHAT SORT OF ELECTIONS, AND IN GENERAL, WHAT SORT OF DEMOCRACY KUWAIT SHOULD HAVE.

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. THE RESULT WAS A FLOWERING OF PUBLISHED KUWAITI OPINION.
YING AS TO EDITORIAL POLICY, THE KUWAITI DAILIES RAN PUBLIC
NION POLLS, COMMENTARY AND GUEST ARTICLES ABOUT THE PROPER
D OF DEMOCRATIC INSTITUTION THE COUNTRY SHOULD HAVE
F E). IT WAS A PERFECT OPPORTUNITY FOR THE REGIME TO SHOW
INTEREST IN A FREE PRESS AND IN PUBLIC DEBATE ABOUT DEMOCRACY,
ALL CONCERNED ACQUITTED THEMSELVES "WELL"; NOT A SINGLE
ICLE SUGGESTED THAT AMIRS ARE OUT OF DATE, BUT THERE
E PLENTY OF ARTICLES WHICH CRITICIZED THE PRESENT SYSTEM FOR
TRUSTING TO THE "ONE MAN -- ONE VOTE" THEORTY TO SUSTAIN
REGIME IN POWER. THESER ARE THOSE WHO SAY THE GOVERNMENT
SHREWD TO LIFT THE LID ON CRITICISM THIS WAY: THE RESULT
NOT A FLOOD OF HOSTILE, ANTI-REGIME OPINION, BUT, IN FACT,
ATHER BALANCED MIX OF COMMENTARY, LEADING ONE TO CONCLUDE
T KUWAITIS ARE OF VERY MIXED MINDS AS TO WHETHER ALL KUWAITIS
ULD HAVE THE VOTE AND WHETHER THE LEGISLATURE SHOULD DOMINATE
ERNMENT.

. SELF-CENSORSHIP PROTECTS THE KUWAITI IMAGE ABROAD: THE
S GENERALLY KNOWS WITHOUT BEING TOLD WHEN TO AVOID REPORTING
IVEN SUBJECT, AND MORE OUTSPOKEN KUWAITIS CITE THIS FACT
PROOF OF THE ABSENCE OF FREEDOM IN KUWAIT. THUS ONE CANNOT
D STORIES DIRECTLY INSULTING TO THE AMIR OR HIS RELATIVES,
, FOR EXAMPLE, THERE WAS NO NEWSPAPER SPACE GIVEN TO THE RECENT
DENT WHEN YOUNG ARMY RECRUITS STAGED PROTESTS AGINST
EQUATE LIVING CONDITIONS AND THE ABSENCE AMONG THEM OF SONS
HE WEALTHY (REF F). BUT THIS RESTRAINT, OR LACK OF FREEDOM,
ITS IMPACT OUTSIDE, NOT INSIDE KUWAIT: THE GOSSIP MILLS HERE
Y EVERY SCRAP OF NEWS ABOUT THE RULING FAMILY, AND THERE
BE FEW KUWAITIS WHO DID NOT LEARN PROMPTLY ABOUT THE SNAFUS
UNTERED IN THE ARMY'S FIRST ATTEMPTS TO IMPLEMENT
CRIPTION. THE LACK OF COVERAGE FROM SEIZING ON THE STORY
REPRODUCING IT TO KUWAIT'S DISCREDIT AMONG FOREIGNERS.

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RUEFAM/AMEMBASSY AMMAN 3094
RUEHAD/USINT BAGHDAD 738
RUQMBE/AMEMBASSY BEIRUT 5599
RUEHEG/AMEMBASSY CAIRO 2459
RUEHDM/AMEMBASSY DAMASCUS 1667
RUQMOD/AMEMBASSY DOHA 2584
RUEHJM/AMCONSUL JERUSALEM 513
RUQMRA/AMEMBASSY JIDDA 6355
RUDTC/AMEMBASSY LONDON 3518
RUQMAM/AMEMBASSY MANAMA 3946
RUQMMT/AMEMBASSY MUSCAT 2022
RUQMYA/USLO RIYADH 376
RUQMNS/AMEMBASSY SANA 1375
RUFNPS/AMEMBASSY PARIS 2243
RUQMHR/AMEMBASSY TEHRAN 4761
RUEHTV/AMEMBASSY TEL AVIV 1181
RUEHIA/USICA WASHDC
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14. SELF-CENSORSHIP CAN ALSO PRODUCE A MISLEADING REPORT. A JOURNALPST CAN GET AWAY WITH PUBLISHING A STORY WHICH, IF HE BROUGHT IT TO THE ATTENTION OF GOVERNMENT OFFICIALS PRIO TO PUBLICATION, WOULD NEVER SEE THE LIGHT OF DAY. FOR THIS REASON JOURNALISTS HERE GO AHEAD WITH SINGLE-SOURCE STORIES WITHOUT CHECKING THEM AGAINST SECOND AND THIRD SOURCES. THE RESULT CAN BE CONFUSION. THE ERROR CAN BE MULTIPLIED AND THE CONFUYION COMPOUNDED, WHEN THE STORYHIS REPRINTED ABROAD. SINCE ARAB LEADERS DO ACT ON WHAT THEY LEARN FROM THE NEWSPAPE THE RESULT CAN BE UNITENDED, AS WHEN EGYPT APPARENTLY BROKE RELATIONS WITH KUWAIT IN ADVANCE OF KUWAIT'S FORMAL ANNOUNCEME AS A RESULT OF PREMATURE AND INACCURATE MEDIA REPORTING (REF G.

15. CONCLUSION: AS KUWAIT GROWS, AND ITS POPULATION IS ONE OF THE FASTEST GROWING IN THE WORLD, THE CLOSELY KNIT, GOSSIPY NATURE OF LIFE HERE IS CHANGING. THERE MAY COME A TIME WHEN WORD-OF-MOUTH DOES NOT SERVE AS A SATISFACTORY SUBSOITUTE FOR AMPLE PRESS COVERAGE, AND WHEN, ACCORDINGLY, KUWAITIS WILL TAKZ A STRONGZR INTEREST THAN THEY DO NOW IN FREEDOM OF THE PRESS AS AN IMPORTWNT ELEMENT IN COMMUNITY LPFE. BUT THATTIME

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IS NOT YET HERE. THE OWNZRS AND EDITORS OF THE MEDIA IN KUWAIT
RE JUST AS INTERESTED AS THE RULING FAMILY IN PROTECTING
UWAIT FROM HARMFUL PUBLICITY. THE PUBLIC WILL NOT PROTEST
F THE GOVERNMENTPPUNISHES A NZWSPAPER. OTHER THAN THE RARE
OSSIBILITY OF SERIOUS UNINTENDED CONYEQUENCES ARISING FROM AN
NACCURATE PRESS REPORT, IT IS SAFE TO SAY THAT, IF THERE IS NOW
THREAT TO THE SECURITY AND STABILITY OF KUWAIT, THAT THREAT
OES NOT ARISE FROM OR DRAW SUPPORT FROM THE MASS MEDIA.
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RR RUQMHR
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ZNY SSSSS ZZH
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TO RUEHC/SECSTATE WASHDC 3894
INFO RUQMBI/AMEMBASSY DHABI 4753
RUEHAD/USINT BAGHDAD 739
RUQMOD/AMEMBASSY DOHA 2585
RUQMAM/AMEMBASSY MANAMA 3947
RUQMMT/AMEMBASSY MUSCAT 2023
RUQMHR/AMEMBASSY TEHRAN 4762
RUQMRA/AMEMBASSY JIDDA 6356
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E.O. 12065: GDS 6/18/85 (CLUNAN, JAMES L.) OR-P
TAGS: PEPR, PINS, SREF, IR, KU, BA
SUBJ: (U) ARAB-IRANIAN RELATIONS

REF: A) KUWAIT 2807 (NOTAL), B) TDFIRDB-315/09345-79 22 MAY 7
(NOTAL), C) FBIS AMMAN 161003Z JUN 79 (NOTAL)

1. (C) SUMMARY. UNFRIENDLY KUWAITI NEWSPAPER COMMENTARY ON IRAN HAS MOMENTARILY RESUMED, BUT KUWAIT IS DOWNPLAYING LATEST CONTRETEMPS OVER BAHRAIN AND IS KEEPING PRESS ON A SHORT LEASH. THERE IS A GROWING PERCEPTION IN KUWAIT THAT KHOMEINI IS LOSING HIS GRIP ON THE IRANIAN MASSES. END SUMMAR

2. (U) ON JUNE 14 KUWAITI DAILY AL-ANBA', IN A POINTED EDITOR REFERENCE TO KHOMEINI, EXPRESSED THE "HOPE" THAT ACTIONSON TH IRAQI-IRANIAN BORDERS DID NOT HAVE THE "SUPPORT OF THE MAN WHO FOUGHT FROM THE HEART OF IRAQ TO LIBERATE HIS COUNTRY." THE SAME DAY AL-QABAS OPINED THAT THE SITUATION BETWEEN TEHRA AND BAGHDAD WAS EXTREMELY WORRYING FROM THE ARAB POINT OF VIE AND CALLED FOR THE IRANIAN REVOLUTION TO "CORRECT ITS PATH SO FOLLOWING REPORTS THAT IRANIAN AYATOLLAH SADIQ ROUHANI HAD DECLARED THAT BAHRAIN REMAINS IRAN'S "14TH PROVINCE", AL-ANBA' ON JUNE 16 REVIVED USE OF THE CONTROVERSIAL WORD "ARABISTAN." I A SHARP ATTACK, AL-ANBA' SAID THAT THE SPIRIT OF "GREED AND RACIAL INTIMIDATION" IN THE GULF DID NOT END WITH THE DEPARTU OF THE SHAH. AL-ANBA' WARNED THAT, IF IRAN PRESSED ITS CLAIM BAHRAIN, THEN THE ARAB STATES WOULD HAVE TO PUT OLD AGREEMENT WHICH ANNEXED "ARABISTAN" TO IRAN AT THE TOP OF THEIR LIST FO REVISION.

3. (C) ASKED TO PLACE THESE EDITORIALS IN THE CONTEXT OF EARLI GOV ASSURANCES THAT KUWAITI PRESS WOULD BE RESTRAINED ON ARAB-

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NIAN ISSUES (REF A), KUWAIT MFA LEGAL ADVISOR TAREQ RAZOUQI
) THAT KUWAITI EDITORIALS WERE LARGELY PARAPHRASED
M MATERIAL THAT HAD ALREADY APPEARED IN THE IRAQI MEDIA. HE
ED THAT KUWAIT WAS EXERCISING A RESTRAINING HAND; THE MFA
GIVEN ITS ADVANCE APPROVAL TO THE JUNE 16 AL-ANBA EDITORIAL,
RDING TO RAZOUQI, INCLUDING SPECIFICALLY USE OF THE
NSIVE TERM "ARAPISTAN." BUT IT HAD ALSO PASSED THE WORD
THE SUBJECT OF IRANIAN CLAIMS TO BAHRAIN WAS NOT TO BE
UED FURTHER BY KUWAIT'S PRESS.

(C) RAZOUQI VOLUNTEERED THAT FOREIGN MINISTER SABAH AL AHMED
BEEN ON THE PHONE JUNE 16 WITH BAHRAIN'S AMIR WHO WAS
EMPLATING BREAKING HIS VACATION AND RUSHING BACK TO MANAMA
A RESULT OF AYATOLLAH ROUHANI'S STATEMENTS. ACCORDING TO
UQI, SAHAB AL AHMED HAD COUNSELLED HIS "COUSIN" NOT TO
URB HIMSELF, MENTIONING AMONG OTHER THINGS, ASSURANCES
IVED FROM THE NEWLY ARRIVED IRANIAN AMBASSADOR TO KUWAIT,
ALI SHAMS ARDAKANI.

(C) ASSURANCES OF A SORT MATERIALIZED THE SAME DAY (JUNE 16)
A PRESS CONFERENCE HELD BY AMB ARDAKANI WHO SAID THAT ROUHANI
JUST AN IRAQI CITIZEN FREE TO EXPRESS HIS PERSONAL OPINIONS,
THAT HIS STATEMENTS DID NOT REFLECT THE REVOLUTIONARY
ERNMENT'S POINT OF VIEW. ACCORDING TO THE ARAB TIMES,
ASSADOR ARDAKANI ADDED THAT THE IRANIAN MINISTRY OF FOREIGN
AIRS, THE PRIME MINISTER, AND THE REVOLUTIONARY COUNCIL
E ALONE COMPETENT TO OUTLINE IRAN'S OFFICIAL POLICIES AND
ITUDES. (RAZOUQI OBSERVED THAT THIS STATEMENT WAS HELPFUL,
LONG AS THESE THREE ENTITIES AGREED, WHICH DID NOT ALWAYS
M TO BE THE CASE IN IRAN THESE DAYS.) AMBASSADOR ARDAKANI

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18 JUN 79 17 17Z

NNNNVV ESB007KWA008
RR RUQMHR
DE RUQMKW #2942/2 1691440
ZNY SSSSS ZZH
R 181404Z JUN 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 3895
INFO RUQMBI/AMEMBASSY DHABI 4754
RUEHAD/USINT BAGHDAD 740
RUQMOD/AMEMBASSY DOHA 2586
RUQMAM/AMEMBASSY MANAMA 3948
RUQMMT/AMEMBASSY MUSCAT 2024
RUQMHR/AMEMBASSY TEHRAN 4763
RUQMRA/AMEMBASSY JIDDA 6357
BT
S E C R E T SECTION 2 OF 2 KUWAIT 2942

ALSO DENIED THAT THERE WAS AN IRANIAN TROOP BUILDUP ON THE IRANIAN-IRAQI BORDER. ASKED ABOUT THE THREE FORMERLY ARAB ISLANDS IN THE PERSIAN GULF OCCUPIED BY IRAN IN 1971, HE DEFLECTED THE QUESTION BY STATING THAT HIS GOVERNMENT WAS M[illegible] CONCERNED WITH FOREIGN BASES IN ARAB YTATES THAT SPY ON "THE MOVEMENTS OF THE WRAB SOLDIER." AMBASSADOR ARDAKANI CONCLUDED IRAN SOUGHT TO CULTIVATE SOLID RELATIONY WITH ALL STATES IN THE AREA ON THE BASIS OF ISLAMIV BROTHERHOOD.

6. (S) ON IRAQI-IRANIAN RELATIONS, RAZOUQI SAID HE DID NOT THINK IRAQ WOULD BE SO OUTSPOKEN IN ITS CURRENT MEDIA ATTAC[illegible] ON IRAN IF IT DID NOT BELIEVE KHOMEINI WAS LOSING HIS GRIP [illegible] THE POPULATION. RAZOUQI ADDZD THERE IS A GROWINGHPERCEPTION [illegible] KUWAIT THAT KHOMEINI WAS NO LONGER POPULAR WITH THE "MASSES OF PEOPLE" WHO HAD MARCHEDHFOR HIM LAST WINTER. RAZOU[illegible] SAID KUWAPT WAS WITNESSING A GROWING INFLUX OF IRANIAN REFUGE[illegible] AND MENTIONED, IN LINE WITH REF B, THE DIFFICULTIES THAT THE KUWAITI AUTHORITIES FACZD IN TRYING TO STEM THE INFLUX - SHORTAGE OF COAST GUARD PERSONNEL, OPZN COASTLINE, ETC. "WE SEND BACK HUNDREDS, BUT ZVEN MORE GET THROUGH." HE ADDED THAT SEVERAL WEEKS AGO IGANIAN CHAGGE GOLSHARIFI HAD ASKED FO[illegible] THE NAMES OF IRANIANS CAUGHT TRYING TO ENTER KUWAIT ILLEGALLY. RAZOUQI HAD TURNED HIM DOWN WITH THE EXCUSZ THAT SUCH LISTS WEREHNOT KEPT. ASKED BYHPOL CHIEF WHZTHER KUWAIT WASHWORRIZ[illegible] THAT THESE REFUGEES MIGHT MAKE KUWAIT A BASE FOR AGITATION A[illegible] THE REGIME IN TEHRAN AND THEREBY POSE AN EVENTUAL THREAT TO [illegible] STABILITY OFHKUWAIT, RAZOUQIHWAW QUITE CATEGORICAL IN DISMISYING THIS POSSIBILITY. THE REFUGEZS WERE HERE FOR ECONOMIC REASONS - THZY WANTED JOBS, THAT WAS ALL, HE SAID.

7. (U) AT HIS PRESS CONFERENCE AMBASSADOR ARDAKANI ALSO FOUN[illegible] AN OPPORTUMITY TO TAKE A CRACK AT THE UNITED STATES. CLAIMIN[illegible]

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VE COMPLETE DOCUMENTATION ON ALL PEOPLE IN KUWAIT WHO WERE
"NZ PAYROLL OF THE SHAH" AS MEMBERS OF A SAVAK NETWORK
ATING FROM IRAN'S EMBASSY IN KUWAIT, HE SAID, "WE HAVE
DEB NOT TO REVEAL THEIR NAMES" UNLESS THEY WENT TOO
"LIKE SENATOR JAVITS," IN TALING AGINST IRAN. MAESTRONE

NNNNVV ESB028KWA122
PP RUQMHR
DE RUQMKW #2975/1 1701600
ZNY CCCCC ZZH
P R 191541Z JUN 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC PRIORITY 3902
INFO RUQMBI/AMEMBASSY ABU DHABI 4758
RUEHAD/USINT BAGHDAD 741
RUFHBS/AMEMBASSY BRUSSELS 751
RUQMDH/AMCONSUL DHAHRAN 4030
RUQMOD/AMEMBASSY DOHA 2590
RUQMRA/AMEMBASSY JIDDA 6362
RUDTC/AMEMBASSY LONDON 3522
RUFNPS/AMEMBASSY PARIS 2245
RUQMHR/AMEMBASSY TEHRAN 4767
RUFHAU/AMEMBASSY VIENNA 433
BT
C O N F I D E N T I A L SECTION 1 OF 2 KUWAIT 2975

LIMDIS

E.O. 12065: GDS 6/19/85 (BUCK, STEPHEN W.) OR-3
TAGS: ENRG, KU
SUBJ: KUWAIT OIL MINISTER RAISES POSSIBILITY OF PRODUCTION CUT IN 1980

REF: (A) KUWAIT 2871, (B) KUWAIT 2784 (NOTAL)

1. (C-ENTIRE MDG: IN RECENT PRELIMINARY NEGOTIATONS FOR RENEW 5-YEAR GULF OIL PURCHASE CONTRACT, KUWAIT OIL MINISTER ALI KHALIFA AL-SABAH RAISED POSSIBILITY OF CUTTING KUWAIT OIL COMPANY (KOC) PRODUCTION CEILING FROM 2 MILLION TO 1.5 MILLIO B/D IN 1980. MINISTER CLAIMED DRAMATICALLY HIGHER OIL PRICES REDUCE KUWAIT'S REVENUE NEEDS. CURBING REVENUE INCREASE NECESSARY TO AVOID INFLATION, ATTENDANT PRESSURES WHICH AROSE AFTER HUGE 73/74 PRICE INCREASES. HE TOOK SIMILA LINE WITH SHELL REPS. COMMENT: MINISTER'S BROACHING POSSIBL LOWER PRODUCTION CEILING SEEMS TO BE DESIGNED TO BRING PRESSU ON GULF, BP, AND SHELL TO ACCEPT FUTURE LOWER OFF-TAKE LEVELS. MAINTAINING GULF, BP AND SHELL'S EXISTING LONG-TERM CONTRACT MAXIMUMS TOTALING 1.45 MILLION B/D WOULD PRECLUDE KUWAIT FROM REDUCING KOC PRODUCTION MUCH BELOW 2 MILLION B/D LEVEL. IF ASKED BY COMPANIES, WE RECOMMEND US STRONGLY RESIST ANY KUWAITI ATTEMPTS TO REDUCE MAJORS' CONTRACTUAL OFF-TAKE LEVELS BELOW AMOUNTS SPECIFIED FOR FOLLOW-ON CONTRAC END SUMMARY

3. BACKGROUND. GULF OIL COMPANY AND BRITISH PETROLEUM (BP),

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...D FORMER OWNERS OF KUWAIT'S MAJOR PRODUCER, THE KUWAIT
...PANY (KOC) HAVE LARGE 5-YEAR PURCHASE CONTRACTS
...P B/D AND 450,000 B/D BASE CONTRACT LEVELS, RESPECTIVELY)
...HE GOVERNMENT OF KUWAIT WHICH COME UP FOR RENEWAL ON
...N EXPIRATION ON MARCH 31, 1980. GULF REPS ARE CURRENTLY
KUWAIT FOR PRELIMINARY DISCUSSION ON CONTRACT RENEWAL.
...AREA REP SYD ANDERSON (PROTECT) BRIEFED AMBASSADOR
...E 17 ON GULF'S DISCUSSIONS.

POSSIBILITY OF PRODUCTION CUT IN 1980. IN DISCUSSIONS
...GULF REPS OIL MINISTER SHAIKH ALI KHALIFA AL-SABAH SAID
WOULD BE "MORE COMFORTABLE" IF THE COUNTRY'S "NORMAL"
...ILLION B/D KOC PRODUCTION CEILING (RAISED BECAUSE OF
...PTIONAL CIRCUMSTANCES TO 2.2 MILLION B/D FOR CY 1979)
... CUT TO 1.5 MILLION B/D. GIVEN RECENT PRICE INCREASES,
...DUCTION AT 2 MILLION B/D AND ABOVE WAS PRODUCING LARGE
UNMANAGEABLE INCOME SURPLUS. RESULT, MINISTER FEARED,
...LD BE REPEAT OF 1973-74, WHICH LED TO RAPID INFLATION IN
...AIT AND A SIGNIFICANT INFLUX OF PEOPLE WITH ATTENDANT
...AINS. OBVIOUS SOLUTION TO THE PROBLEM WAS TO CUT PRODUCTION
THEREBY THE SURPLUS.

ANDERSON COMMENT THAT, IF GOK ACTUALLY DID CUT ITS
...DUCTION CEILING, MOST LIKELY TIME WOULD BE MARCH 31, 1980,
...N THE CONTRACTS OF THE TWO LARGEST OFF-TAKERS, GULF AND BP,
...IRE. GIVEN TIGHT WORLD OIL MARKET, GULF WANTS TO INCREASE
...F-TAKE, NOT CUT IT. THE OIL MINISTRY HAS ASKED GULF TO SHOW
...E IT WOULD NEED CRUDE TO MAINTAIN ITS SUPPLY WITHIN ITS
...SYSTEM. MINISTRY WILL NOT MEET FUTURE REQUESTS FROM GULF,
AND SHELL FOR CRUDE TO SUPPLY THIRD PARTIES. GULF, AND
...LIKELY BP AND SHELL, WILL RESPOND THAT THEIR OWN SYSTEMS
...MORE CRUDE THAN THEY ARE GETTING, ABOVE AND BEYOND
...ENT COMMITMENTS TO THIRD PARTIES. NEVERTHELESS, ANDERSON
...IEVES THATTHE OIL MINISTRY IS THINKING IN TERMS OF A NEW
...TRACT WITH GULF WITH A CONTRACT BASE REDUCED FROM PRESENT
...,000 B/D TO UNDER 400,000 B/D. GULF WOULD STRONGLY RESIST
...H A KUWAITI ATTEMPT BASED ON THE FACT THAT ITS PRESENT

...075

NNNNVV ESB029KWA123
PP RUQMHR
DE RUQMKW #2975/2 1701615
ZNY CCCCC ZZH
P R 191541Z JUN 79
FM AMEMBASSY KUWAIT
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INFO RUQMBI/AMEMBASSY ABU DHABI 4759
RUEHAD/USINT BAGHDAD 742
RUFEBS/AMEMBASSY BRUSSELS 752
RUQMDH/AMCONSUL DHAHRAN 4031
RUQMOD/AMEMBASSY DOHA 2591
RUQMRA/AMEMBASSY JIDDA 6363
RUDTC/AMEMBASSY LONDON 3523
RUFNPS/AMEMBASSY PARIS 2246
RUQMHR/AMEMBASSY TEHRAN 4768
RUFHAU/AMEMBASSY VIENNA 434
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C O N F I D E N T I A L SECTION 2 OF 2 KUWAIT 2975

LIMDIS

CONTRACT PROVIDES FOR RENEWAL AT A MINIMUM OF 400,000 B/D. AT A MINIMUM IT WOULD EXPECT TO RECEIVE THE SAME TREATMENT AS SHELL, NOT ONE OF THE ORIGINAL KOC OWNERS, WHICH SIGNED A 3-YEAR CONTRACT IN OCTOBER 1978 PERMITTING IT TO LIFT A MAXIMUM OF 425,000 B/D.

6. NOTING THAT BASE CONTRACT VOLUMES FOR GULF, BP AND SHELL ALONE ADD UP TO VOVER 1.3 MILLION B/D, AMBASSADOR ASKED HOW KUWAIT COULD CUT KOC PORDUCTION CEILING TO 1.5 MILLION B/D AND STILL PROVIDE SUFFICIENT CRUDE FOR DOMESTIC NEEDS AND REFINERIES PLUS PRODUCE ENOUGH ASSOCIATED GAS TO FIRE LARGE LPG PLANT COMING ON STREAM AND MEET GROWING ELECTRICITY DEMANDS. ANDERSON REPLIED THAT NEW ELECTRICITY PLANTS WERE ALL BEING BUILT TO RUN ON FUEL OIL AS WELL AS NATURAL GAS. MINISTER HAD INDICATED THAT, IF NEED BE, KUWAIT WOULD ONLY USE ONE OR ONE AND A HALF OF THE THREE TRAINS OF ITS NEW LPG PLANT, REQUIREING LESS ASSOCIATE GAS, AND HENCE OIL, PRODUCTION HOWEVER, 300-400,000 B/D OF CRUDE WOULD STILL BE NEEDED FOR REFINERIES AND DOMESTIC NEEDS. THIS WOULD PROBABLY MEAN PRODUCTION CEILINGS MORE IN THE ORDER OF 1.6 TO 1.7 MILLION B/D FOR KOC.

7. LOCAL SHELL RE (PROTECT) CONFIRMED OIL MINISTER'S REFERENCE TO 1.5 MILLION B/D DURING LATTER'S DISCUSSION WITH VISITING SHELL MARKETING PRESIDENT.

8. COMMENT: ALI KHALIFA IS NOTED FOR COMING ON STRONG, AND

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AISING POSSIBLE 1.5 MILLION B/D KOC CEILING WITH GULF
ES US AS MOSTLY PRELIMINARY NEGOTIATING BLUSTER. SHELL
CKED INTO CONTRACT WITH 405,000 B/D MAXIMUM VALID THROUGH
ER 1981. GULF AND BP WERE PARTIALLY COMPENSATED FOR
NATIONALIZATION IN 1975 BY BEING GRANTED 5-YEAR
ABLE CONTRACTS. THEY CAN INSIST ON THE MINIMUM LIFTINGS
FIED FOR FOLLOW-ON CONTRACT AND COULD ALSO ARGUE THAT
E VERY LEAST THEY SHOULD NOT BE GIVEN LESS OIL THAN THAT
DED SHELL. THIS WOULD MEAN A TOTAL OF SLIGHTLY OVER
ILLION B/D COMMITTED TO THESE THREE MAJORS. (IF PRESENT
ACTS WERE RENEWEED, TOTAL MAXIMUM ALLOWABLE OFF-TAKE FOR
WOULD BE 1.45 MILLION B/D). THE 300-400,000 B/D NEEDED
UWAIT'S REFINERIES, LOCAL DEMAND AND ENERGY GENERATION
BRING THIS TOTAL TO AN IRREDUCIBLE MINIMUM OF APPROXI-
T 1.6 MILLION B/D ON THE HIGHLY DUBIOUS ASSUMPTION THAT
T SOLD TO NO ONE OTHER THAN THESE THREE MAJORS. IN FACT,
T PRESENTLY HAS CONTRACTS WITH 10 COMPANIES OTHER THAN
ELL AND GULF AND APPEARS TO BE MOVING TOWARDS MORE SMALL
T SUPPLY RELATIONSHIPS, ESPECIALLY WITH LDC FOREIGN
MENTS. THESE EXISTING AND LIKELY FUTURE DIRECT CONTRACTS
D REQUIRE KOC TO PRODUCE AT A 2 MILLION B/D LEVEL UNLESS
HREE MAJOR'S CONTRACTS ARE SLASHED SIGNIFICANTLY BELOW
00 B/D.

ULD IS NOT INTERESTED IN PUSHING NEGOTIATIONS AT THIS
, PREFERRING TO KEEP ITS OPTIONS OPEN UNTIL NEXT SPRING,
THE WORLD OIL PICTURE MAY BE CLEARER. WE BELIEVE DEPT
LD BE PREPARED TO SUPPORT STRONGLY GULF'S RETAINING THE
AKE TERMS OF ITS PRESENT CONTRACT, NOT ONLY
USE IT IS A US FIRM BUT ALSO BECAUSE RETENTION OF OFF-TAKE
LS OF THE THREE MAJORS' 5-YEAR CONTRACTS WOULD PREVENT
IT FROM REDUCING KOC PRODUCTION TO 1.5 MILLION B/D.
MAESTRONE

DEPARTMENT OF STATE

AIRGRAM

1979 JUL -5 AM 10:55

HANDLING	CLASSIFICATION	MESSAGE REFERENCE
	SECRET	A-16

TO: Department of State

INFO: Abu Dhabi, Amman, USINT Baghdad, Cairo, Damascus, Doha, Manama, Muscat, Tehran

FROM: Amembassy Kuwait

DATE: June 20, 1

E.O. 11652: RDS 6/19/85 (MAESTRONE, F.E.) OR-M

TAGS: PINT, KU

SUBJECT: (C) Kuwait's Opposition Moves into the Open: GOK Sets Limits

REF: (A) NQK-2570, (B) KUWAIT 4713, (C) 76 KUWAIT 5056, (D) 76 KUWAIT 5198, (E) 76 KUWAIT 5347, (F) KUWAIT 2408, (G) KUWAIT 692, (H) KUWAIT 2980

DEPT. DISTRIBUTION

ORIGIN/ACTION

AF	ARA	CU	EA
EB	EUR	INR	IO
		ER	PM
AMB		IG	SY
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ADMIN			
CHRON		NT	LAB
		SC	OPIC
		RSY	USIA

SUGGESTED DISTRIBUTION

(C) SUMMARY: A "memorandum" signed by 31 former Kuwaiti legislators and presented to the Crown Pri last month concludes that the restoration of par mentary life in Kuwait is legal and necessary. memorandum includes many of the same critical po found in a pamphlet issued in September 1976 in immediate aftermath of the Amir's suspension of Kuwait's last National Assembly. GOK reaction to the appearance of these two similar political docu ments has been markedly different. Last month's memorandum was merely sent back to the authors b the Crown Prince with the observation that it co not be accepted because it was peremptory and har Two years ago, the organizations that endorsed the pamphlet were severely dealt with. The circulation of the memorandum and the mild govern reaction to it indicate that political life in Kuwait is opening up for the old "opposition," although this week's suspension of weeklies al-T and al-Hadaf showed that the GOK is not prepared yet to permit a return to the free-swinging polit that existed in Kuwait prior to the suspension of the National Assembly in August 1976. END SUMMARY.

SECRET

CLASSIFICATION

DRAFTED BY	DRAFTING DATE	PHONE NO.	CONCURS AND CLASSIFICATION APPROVED
POL:JLClunan:gc	6/19/79		DCM:PASutherland

CLEARANCES:

AMB:FEMaestrone (draft) POL:JMFernald (draft)

FORM DS-235
11-78

A Signed Memorandum. A "memorandum" demanding the restoration
uwait's National Assembly was presented to Kuwaiti Crown Prince/
e Minister Shaikh Saad al-Abdullah al-Sabah early last month.
as signed by 31 former National Assembly and Constituent Assembly
ers, most of whom had been members of the opposition leftist
nationalist groups in previous National Assemblies, but at least
a dozen of whom had a record of being pro-government deputies
in office. Pol Chief obtained from one of the signers a copy
e memorandum , which has been described in earlier reporting
"petition" (ref A). However, examination of the text reveals
it is more assertive than appealing in tone.

imilarity to 1976 Opposition Document. The content of the
randum" resembles closely a document circulated in Kuwait
ly after the Amir suspended Kuwait's National Assembly in
t 1976. This document was drawn up by leftist leaders of the
ional-level Kuwait Workers Confederation and was endorsed by
ers of several of Kuwait's professional organizations. In the
ing weeks GOK took rather severe action against the sponsors of
document, which action, along with the suspension of five
lications, served to dampen both dissent and general political
ussion in Kuwait. The labor leaders, arrested briefly on serious
nal security charges, were cowed into silence about controversial
tic issues (76 KUWAIT 4713), a situation which still prevails
AIT 2980). Also, the GOK dissolved the governing
ds of the Kuwaiti Teachers Association (76 KUWAIT 5056), the
nalists Association (76 KUWAIT 5198), and the Bar Association
KUWAIT 5347) on grounds that they participated in the sponsor-
of the document critical of the Amiri suspension of the National
embly. This sponsorship, according to the GOK, was in violation
1962 law which prohibits political activities by such associa-
..

egal Points in Memorandum. The memorandum presented to the
Prince raised the same legal objections to the suspension of
ational Assembly which were contained in the 1976 document,
ly:

a. Kuwait is a constitutional state in which the powers of
public authorities" are limited by the Constitution; the Amir
orn to uphold the Constitution.

b. The Constitution may only be suspended in time of martial
which was not in effect in 1976) and in accordance with the
sions of law.

c. The National Assembly must be reelected within two months
its dissolution.

d. The Constitution's Article 174 which was suspended when the National Assembly was dissolved, provides that should the Ami wish to amend the Constitution, a two-thirds of the National Asse must approve the amendments.

This last point appears to be a critical reference to the recent consultations of the Crown Prince described by Minister of State for Cabinet Affairs, Abdul Aziz Husain, who explained that the reestablishment of the National Assembly will involve amendment o certain parts of the Constitution, for which a "constitutional committee" would be formed to make appropriate recommendations (KUWAIT 2408). This procedure, foreseen in the Amiri decree which suspended the National Assembly, could in effect lead to modifications of the electoral process and the composition of the National Assembly without the approval of that body, a situation not foreseen by the Kuwaiti Constitution.

(C) Political Points in Memorandum. Not only is the restoration of the National Assembly legally required in accordance with the provisions of the Constitution, but it is also a "popular demand on which the hopes of the masses are pinned." The Memorandum's authors also argue that the "democracy brought about by the Kuwai Constitution" is not an outside idea thrust upon the "Arab Islamic Kuwaiti environment"; rather it is an Arab development in the spirit of the historic relationship between the "ruler and the ruled" which guided the "orthodox" Caliphs in the early days of Islam.

(C) One signer of the memorandum, Jassim al-Qitami, told us that it was but one aspect of the preparations being made by himself and his associates in anticipation of national elections next yea Qitami explained that his group was busily trying to place its people on the boards of Kuwait's professional associations as they came up for annual re-election. The opposition politicians hope by this means to gain a dominant voice among the educated class o Kuwaitis which, Qitami expects, can become the opinion leaders for the great mass of "limited income" Kuwaitis whose votes must be won in order to increase the number of opposition seats in the Assembly. (Those who regularly voted against the Government in the last National Assembly occupied about 10 of the 66 seats in that body.) These professional associations are the same ones wh suffered a dissolution of their governing boards in 1976 because of their political activity (para 4 above).

(C) Earlier this year this group of political activists was carefu circulating its views anonymously under the label "Democratic Gro (KUWAIT 692). In May the group came out in the open with the sig

orandum to the Crown Prince, which he refused to accept. With-
t specifically mentioning the Crown Prince, Kuwait's only indigenous
ftist publication, the weekly al-Tali'a, on May 15 asserted that
e refusal to accept the memorandum showed that the Government was
illing to open its doors to all viewpoints on the resumption of
rliamentary life, which Tali'a claimed shows that the authorities
ve a circumscribed concept of democracy. With this article and
hers, al-Tali'a exhibited a growing boldness in commenting on
mestic issues.

) Publications Suspended. Opposition political activity continued
th little apparent Government reaction until mid-June when al-Tali'a
s suspended for three months for violating the Publications Law
d the weekly al-Hadaf was suspended for one month. The ostensible
ason for banning al-Tali'a was two articles in its June 12 edition,
e of which implied that the visit of Queen Elizabeth and the electior
rgaret Thatcher signaled a resurgence of British "imperialism" in
e Gulf. The other, dealing with the construction of a highway
idge between Saudi Arabia and Bahrain, implied that the Saudis were
oking to supplant traditional Kuwaiti influence in Bahrain. What-
tually aroused GOK ire over the June 12 edition, according to two
bassy sources, was a statement openly condemning the GOK for acting
ainst "nationalist patriots" by permanently deporting Palestinian
urnalist Awni Sidiq late last month. A reporter with the Kuwait
ily al-Watan, Sidiq had written articles critical of Arab League
untries that wished to boycott PDRY. GOK also clamped down on al-
daf, a weekly affiliated with al-Watan on June 16. Objection was
ken to articles published June 14 by Abdullah al-Nafisi (whose
itical book on Kuwait is banned here). Nafisi's articles, written
parable form, called for the downfall of tyranny and tyrants and
de disrespectful comments about Kuwaiti businessmen, their greed
d their lack of social and political spirit. According to a
urce in the Amiri Diwan the GOK had for some weeks been contem-
ating action against al-Tali'a and MFA Legal Advisor Razouqi
ld us that there were too many al-Tali'a articles which meddled
domestic affairs."

) COMMENT: While the Government's mild reaction to the opposition
emorandum" seemed to indicate a greater toleration of opposition
litical activities than has been the case for more than two
ars, the suspension of al-Tali'a and al-Hadaf show that the GOK
not prepared yet to permit a return to the free-swinging politics
at existed in Kuwait prior to the suspension of the National
embly in August 1976.

MAESTRONE

NNNNVV ESA502KWA184
RR RUQMHR
DE RUQM1KW #2980/01 1711244
ZNY CCCCC ZZH
R 201230Z JUN 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 3908
INFO RUQMBI/AMEMBASSY ABU DHABI 4761
RUEHAM/AMEMBASSY AMMAN 3097
RUEHAD/USINT BAGHDAD 0744
RUEHEG/AMEMBASSY CAIRO 2465
RUMJDK/AMEMBASSY DACCA 0089
RUQMDH/AMCONSUL DHAHRAN 4032
RUQMOD/AMEMBASSY DOHA 2526
RUSBQD/AMEMBASSY ISLAMABAD 0237
RUQMRA/AMEMBASSY JIDDA 6365
RUQMMT/AMEMBASSY MUSCAT 2029
RUSBAE/AMEMBASSY NEW DELHI 0402
RUQMHR/AMEMBASSY TEHRAN 4769
RUEAUSA/DEPT OF LABOR
RUEHTV/AMEMBASSY TEL AVIV 1185
BT

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POL
CHG
ECON
RF
CHRON

C O N F I D E N T I A L SECTION 01 OF 04 KUWAIT 2980

E.O. 12065: GDS 6/19/85 (BUCK, STEPHEN W.) OR-E
TAGS: PINT, ELAB, KU
SUBJECT: POLITICAL RE-ASSESSMENT: LABOR NOT A DESTABILIZING ELEMENT IN KUWAIT

REF: (A) KUWAIT A-12 OF JUNE 13, 1979 (NOTAL), (B) KUWAIT 2718 (NOTAL), (C) KUWAIT 2111 (NOTAL), (D) 78KUWAIT 4788 (NOTAL), (E) KUWAIT A-38 OF AUGUST 23, 1978 (NOTAL), (F) KUWAIT A-29 OF MAY 14, 1977 (NOTAL), (G) STATE 38873

1. (C-ENTIRE TEXT).

2. SUMMARY: ANALUSIS WHICH FOLLOWS LEADS TO CONCLUSION THAT LABOR IN KUWAIT POSES LITTLE THREAT TO THE STABILITY OF THE PRESENT GOVERNMENT. THE GOK KEEPS A CLOSE WATCH ON ACTIVITY OF ORGANIZED LABOR, WHOSE LEADERSHIP IS ENTIRELY KUWAITI. IT ALWAYS HAS BEEN ABLE TO SQUELCH QUICKLY UNION ACTIVITY WHICH OFFERED POSSIBILITY OF GETTING OUT OF HAND. IT PERMITS LOCAL LABOR LEADERS TO USE A HIGH LEVEL OF LEFTIST RHETORIC AS LONG AS THIS IS DIRECTED AT TARGETS OUTSIDE KUWAIT. OTHER WORKERS IN KUWAIT, WHO ARE OVERWHELMINGLY NON-KUWAITI, ARE TOO DIVERSE AND DISORGANIZED TO BE A SERIOUS THREAT TO THE GOVERNMENT. KUWAITI WORKERS, CONCENTRATED IN THE GOVERNMENT, ARE GENERALLY CONTENT WITH THE FAIRLY GENEROUS BENEFITS THEY RECEIVE AND THE LITTLE WORK ACTUALLY REQUIRED OF THEM. EXPATRIATE WORKER DISCONTENT IS BALANCED BY THE FACT THAT SALARIES IN KUWAIT ARE MUCH HIGHER THAN THEY COULD GET ELSEWHERE AND BY THE KNOWLEDGE THAT THEY CAN QUICKLY BE DEPORTED IF THEY CAUSE TROUBLE. ON BALANACE, THE LABOR SCENE IN KUWAIT SHOULD REMAIN FAIRLY QUIET. IN THE UNLIKELY EVENT THAT ONE OF THE UNIONS OR A LARGE SEGMENT OF THE UNORGAIZED WORK FORCE DOES BECOME DEMANDING, THE GOK CAN WELL AFFORD TO BUY THEM OFF, STANDARD KUWAITI PRACTICE WHEN CONFRONTED WITH A DIFFUCULT PROBLEM. END SUMMARY.

, LABOR AS A POTENTIAL THREAT IN KUWAIT. OF KUWAIT'S TOTAL
ORK FORCE OF SOMWHAT OVER 300,000 PERSONS, LESS THAN
0 PERCENT ARE KUWAITIS. ALTHOUGH NON-KUWAITISCCAN BECOME
NION MEMBERS AFTER RESIDING IN KUWAIT FOR FIVE CONSECU-
IVE YEARS, ONLY KUWAITIS CAN VOTE IN UNION ELECTIONS AND
NLY KUWAITIS CAN HOLD UNION OFFICE. IN WHAT FOLLOWS WE
ISCUSS THE POTENTIAL THREAT POSED BY ORGANIZED (PRIMARILY
UWAITI) LABOR AND BY UNORGANIZED WORKERS, THE VAST MAJORITY
F WHOM ARE NON-KUWAITI. LATTER GROUP CAN BE ROUGHLY
IVIDED INTO THOSE WHO CONSIDER THEMSELVES TEMPORARY, "GUEST-
ORKERS" IN KUWAIT, AND THOSE, PRIMARILY PALESTINIANS, WHO
OR ALL INTENTS AND PURPOSES AREPERMANENT RESIDENTS OF
UWAIT.

, ORGANIZED LABOR. WITH THE EXCEPTION OF SOCIAL CLUBS AND,
N THE CASE OF THE PALESTINIANS, SOME PROFESSIONAL SOCIETIES,
SSOCIATIONS OF FOREIGNERS ARE BANNED. LABOR UNIONS, EVEN
HOUGH THEY DO NOT HAVE THE RIGH OF COLLECTIVE BARGAINING,
RE AMONG THE FEW ORGANIZATIONS IN KUWAIT WHICH AT LEAST
NHERENTLY HAVE THE POTENTIAL TO ACT AS POLITICAL ORGANIZA-
IONS. UNIONS IN KUWAIT HAVE ONLY BEEN ORGANIZED FOR THREE
ECTORS OF THE ECONOMY: THE GOVERNMENT, THE BANKS AND THE
ETROLEUM INDUSTRY. THE GOVERNMENT EMPLOYEES UNIONS ARE ORGANIZED
Y MINISTRY, THE PETROLEUM WORKERS UNIONS
Y COMPANY AND THE BANK EMPLOYEES IN ONE UNION COVERING 5
F KUWAIT'S 7 COMMERCIAL BANKS. UNION MEMBERSHIP IS VOLUNTARY;
Y KUWAITI LAW MEMBERS CA N RESIGN AT ANY TIME.

. AS REPORTED REF A, UNION ACTIVITY IN KUWAIT HAS BEEN
ORMANT FOR SOME YEARS. THE GOVERNMENT TOLERATES THE
EFTIST RHETORIC OF THE LEADERSHIP OF THE KUWAIT CON-
EDERATION OF WORKERS (THE OVERALL GOVERNING BODY OF THE
ABOR UNIONS) AS LONG AS THEIR VERBAL FIREWORKS ARE CON-
INED TO INTERNATIONAL EVENTS. THERE APPEARS TO BE A
ACIT AGREEMENT BETWEEN THE GOVERNMENT AND THE UNIONS THAT
IMITS DOMESTIC CRITICISM TO CALLS FOR SUCH REFORMS AS THE
ECONSITTUTION OF THE NATIONAL ASSEMBLY OR THE EXTENSION
F SOCIAL BENEFITS TO NON-KUWAITIS. DOMESTIC CRITICISM IS
OT PERMITTED TO GO BEYOND VERY NARROW LIMITS. WHEN IT
OES THE GOVERNMENT STEPS IN.

2980

NNNNVV ESA500KWA183
RR RUQMHR
DE RUQMKW #2980/2 1711350
ZNY CCCCC ZZH
R 201230Z JUN 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 3909
INFO RUQMBI/AMEMBASSY ABU DHABI 4762
RUEHAM/AMEMBASSY AMMAN 3098
RUEHAD/USINT BAGHDAD 0745
RUEHEG/AMEMBASSY CAIRO 2466
RUMJDK/AMEMBASSY DACCA 090
RUQMDH/AMCONSUL DHAHRAN 4033
RUQMOD/AMEMBASSY DOHA 2594
RUSBQD/AMEMBASSY ISLAMABAD 238
RUQMRA/AMEMBASSY JIDDA 6366
RUQMMT/AMEMBASSY MUSCAT 2030
RUSBAE/AMEMBASSY NEW DELHI 403
RUQMHR/AMEMBASSY TEHRAN 4770
RUEAUSA/DEPT OF LABOR
RUEHTV/AMEMBASSY TEL AVIV 1186
BT
C O N F I D E N T I A L SECTION 2 OF 4 KUWAIT 2980

20 Jun 79

6. THROUGH THE UNIONS ARE PRESENTLY INACTIVE, COULD THEY POSE A THREAT IN THE FUTURE? LOOKING AT THE THREE UNIONS, THIS APPEARS TO BE UNLIKELY.

(A) GOVERNMENT WORKERS: GOVERNMENT WORKERS, THE VAST MAJORITY (75 PERCENT) OF THE KUWAITI WORK FORCE, HAVE JUST BEEN GRANTED SIZABLE INCREASES IN PAY AND ALLOWANCES, WITH THE HIGHEST INCREASES GOING TO THE LOWEST PAID WORKERS (REF A). WORKING FOR THE KUWAIT GOVERNMENT IS HARLY RIGOROUS OR DEMANDING. OFFICE HOURS, WHILE OFFICIALLY FROM 7:30-1:30, ARE REALISTICALL FROM ABOUT 8:30-12:30, AS ANYONE WHO TRIES TO CONTACT A KUWAITI GOVERNMENT OFFICE OUTSIDE THESE HOURS IS WELL AWARE. MOST EMPLOYEES SPEND A GOOD PORTION OF EVEN THIS TRUNCATED WO DAY DRINKING TEA AND GOSSIPING WITH THEIR CO-WORKERS. GOVERNM EMPLOYEES UNIONS WERE NOT HEARD FROM EVEN DURING THE HEIGHTENED PERIOD OF UNION ACTIVITY FROM 1974-1976. FROM ALL APPEARANCES THEY ARE AMONG THE LEAST ACTIVE UNIONS, AND NOT ALL GOVERNMENT EMPLOYEES ARE MEMBERS.

PETROLEUM WORKERS: ENGAGED IN THE MOST IMPORTANT SECTOR OF KUWATI ECONOMY, THE PETROLEUM WORKERS UNIONS WERE THE FIRST ABLISHED AND HAVE TRADITIONALLY BEEN THE MOST ACTIVE. IN ECENT SURVEY (REF B) WE CONCLUDED THAT WORKER DISRUPTION OF PRODUCTION IS UNLIKELY AND THAT A SOON TO BE GRANTED WAGE REASE SHOLD KEEP THE PETROLEUM WORKERS CONTENT FOR SOME TIME COME.

BANK WORKERS: THE THIRD AND SMALLEST (2,300 MEMBERS) ON, THE BANK EMPLOYEES WON PAY INCREASES IN 1976. CE THEN THE UNION HAS BEEN VERY QUIET AND IS IN ANY CASE THE ST POLITICIZED OF THE KUWAIT UNIONS (SEE REF A).

THE COMMENTS ABOVE APPLY GENERALLY TO NON-KUWAITI WORKERS THOSE SECTORS AS WELL. UNDER THE NEW CIVIL SERVICE PAY LES, THE OLD BASE SALARY DIFFERENTIALS BETWEEN KUWAITIS NON-KUWAITIS WERE ELIMINATED, THUS REMOVING AT LEAST ONE A OF POTENTIAL DISCONTENT FOR NON-KUWAITI CIVIL SERVANTS, Y OF WHOM WORK MUCH HARDER THAN THEIR KUWAITI UNTERPARTS. SOCIAL ALLOWANCES FOR KUWAITIS CONTINUE TO BE CH HIGHER THAN FOR NON-KUWAITIS AND THE NEW ALLOWANCE SCALES, ANYTHING, INCREASE THIS DIFFERENTIAL. HOWEVER SINCE THE CIAL ALLOWANCE IS REALLY A WELFARE BENEFIT AND HAS LITTLE LATION TO JOB SKILLS OR PERFORMANCE, AT LEAST THE PSYCHOLOGICAL OYANCE OF RECEIVING DIFFERENT PAY FOR THE SAME WORK HAS BEEN OVED FOR NON-KUWAITIS (SEE REF A).

THE NON-UNIONIZED WORK FORCE. ACCORDING TO THE 1975 CENSUS, WORK FORCE IN KUWAIT WAS BROKEN DOWN AS FOLLOWS (FIGURES UNDED)

WAITI		90,000
N-KUWAITI		
LESTINIAN/JORDANIAN	47,500	
YPTIAN	37,500	
ANIAN	29,000	
DIAN	21,500	
AQI	18,000	
RIAN	16,500	
ENI	11,500	
KISTANI	11,000	
BANESE	7,000	
HERS	10,500	
		210,000
TOTAL		300,000

980

NNNNVV ESA505 KWA186
RR RUQMHR
DE RUQMKW #2980/3 1711405
ZNY CCCCC ZZH
R 201230Z JUN 79 20 JUN 79 15
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 3910
INFO RUQMBI/AMEMBASSY ABU DHABI 4763
RUEHAM/AMEMBASSY AMMAN 0099
RUEHAD/USINT BAGHDAD 0746
RUEHEG/AMEMBASSY CAIRO 2467
RUMJDK/AMEMBASSY DACCA 091
RUQMDH/AMCONSUL DHAHRAN 4034
RUQMOD/AMEMBASSY DOHA 2595
RUSBQD/AMEMBASSY ISLAMABAD 239
RUQMRA/AMEMBASSY JIDDA 6361
RUQMMT/AMEMBASSY MUSCAT 2031
RUSBAE/AMEMBASSY NEW DELHI 404
RUQMHR/AMEMBASSY TEHRAN 4771
RUEAUSA/DEPT OF LABOR
RUEHTV/AMEMBASSY TEL AVIV 1187
BT
C O N F I D E N T I A L SECTION 3 OF 4 KUWAIT 2980

SETTING ASIDE FOR THE MOMENT THE PALESTINIANS, IT IS ESSENTIAL WHEN LOOKING AT THE NON-KUWAITI WORK FORCE TO REMEMBER THAT ALMOST ALL OF THEM ARE HERE BECAUSE THEY CAN MAKE MORE MONEY IN KUWAIT THAN THEY CAN IN THEIR HOME COUNTRIES. MANY OF THEM, PARTICULARLY SEMI- OR UN-SKILLED WORKERS IN THE CONSTRUCTION FIELD AND COMMON LABORERS, ARE NOT SETTLED HERE. THOUGH THEY FREQUENTLY STAY IN KUWAIT FOR A CONSIDERABLE LENGTH OF TIME. IN MANY CASES, THEIR FAMILIES REMAIN AT HOME AND SURVIVE ON REMITTANCES FROM THE WAGE EARNER IN KUWAIT. THIS TYPE OF WORKER IS HERE FOR FINANCIAL REASONS ONLY AND IS LITTLE INTERESTED IN POLITICAL AGITATION. WHEN WORKERS OF THIS TYPE DO VOICE GRIEVANCES, THEY GET SHORT SHRIFT FROM THE GOK, AND, USUALLY, FROM THEIR OWN GOVERNMENTS. THE LABOR MARKET IS SUCH THAT RECALCITRANT OR TROUBLESOME WORKERS CAN QUICKLY BE DEPORTED AND EASILY REPLACED BY MORE AMENABLE INDIVIDUALS. THIS PUTS A STRONG DAMPER ON LABOR ACTION, TO SAY NOTHING OF POLITICAL AGITATION (SEE REF A).

UUM

VV ESA824KWA819 16 Jul 79 12 12z
UQMHR
UQMKE #3408 1971126
CCCCC ZZH
1037Z JUL 79
AMEMBASSY KUWAIT
EHC/SECSTATE WASHDC 4049
RUEHAM/AMEMBASSY AMMAN 3113
QU/AMEMBASSY ANKARA 0251
T/AMEMBASSY ATHENS 1096
E/AMEMBASSY BEIRUT 5606
A/AMEMBASSY JIDDA 6397
QG/AMEMBASSY NICOSIA 0102
R/AMEMBASSY TEHRAN 4786 -
M/AMCONSUL JERUSALEM 0518
LD/AMCONYUL STUTTGART 0035
AA/COMIDEASTFOR
AAA/USCINCEUR VAIHINGEN GE
LD/ELG STUTTGART GE
BA/CINCUSNAVEUR LONDON UK
AB/CINCUSAFE
AA/CINCUSAREUR VAIHINGEN GE
UL/AMEMBASSY SEOUL 0162

F I D E N T I A L

ED OFFICIAL USE KUWAIT 3408

12065: N/A
AMER, OGEN, CGEN, KU, US
CT: EMERGENCY AND EVACUATION: ESTIMATED NUMBER OF POTENTIAL EVACUEES AND PRIVATE AMERICAN SRESIDING ABROAD (EREPORT F-77)

(A) STATE 170896, (B) 76 STATE A-2878

LIMITED OFFICIAL USE:
I- ESTIMATED NUMBER OF POTENTIAL EVACUEES

ODHPERSONNAL (PCS & TDY) 37

EPENDENTS OF DOD PERSONNEL 66

HER USG PERSONNEL 40

EPENDENTS OF OTHER USG PERSONNEL 59

ERICAN RESIDENTS 2,500 (A)

NNNNVV ESA505 KWA186
RR RUQMHR
DE RUQMKW #2980/3 1711405
ZNY CCCCC ZZH
R 201230Z JUN 79 20 JUN 79 15
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 3910
INFO RUQMBI/AMEMBASSY ABU DHABI 4763
RUEHAM/AMEMBASSY AMMAN 0099
RUEHAD/USINT BAGHDAD 0746
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RUQMOD/AMEMBASSY DOHA 2595
RUSBQD/AMEMBASSY ISLAMABAD 239
RUQMRA/AMEMBASSY JIDDA 6361
RUQMMT/AMEMBASSY MUSCAT 2031
RUSBAE/AMEMBASSY NEW DELHI 404
RUQMHR/AMEMBASSY TEHRAN 4771
RUEAUSA/DEPT OF LABOR
RUEHTV/AMEMBASSY TEL AVIV 1187
BT
C O N F I D E N T I A L SECTION 3 OF 4 KUWAIT 2980

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21 JUN 79 02 31 Z

NNNNVV ESB036KWA194
RR RUQMHR
DE RUQMKW #2980/4 1711425
ZNY CCCCC ZZH
R 201230Z JUN 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 3911
INFO RUQMBI/AMEMBASSY ABU DHABI 4764
RUEHAM/AMEMBASSY AMMAN 3100
RUEHAD/USINT BAGHDAD 0747
RUEHEG/AMEMBASSY CAIRO 2468
RUMJDK/AMEMBASSY DACCA 092
RUQMDH/AMCONSUL DHAHRAN 4035
RUQMOD/AMEMBASSY DOHA 2596
RUSBQD/AMEMBASSY ISLAMABAD 240
RUQMRA/AMEMBASSY JIDDA 6367
RUQMMT/AMEMBASSY MUSCAT 2032
RUSBAE/AMEMBASSY NEW DELHI 405
RUQMHR/AMEMBASSY TEHRAN 4772
RUEAUSA/DEPT OF LABOR
RUEHTV/AMEMBASSY TEL AVIV 1188
BT
C O N F I D E N T I A L SECTION 4 OF 4 KUWAIT 2980

11. IN SUM, WE BELIEVE THAT LABOR IN KUWAIT - KUWAITI AND NON-KUWAITI - REPRESENTS LITTLE, IF ANY, THREAT TO THE STABILITY OF THE PRESENT GOVERNMENT. THE GOK KEEPS A TIGHT WATCH ON ORGANIZED LABOR ACTIVITY AND HAS, IN THE PAST, BEEN QUICK TO PUT A STOP TO ACTION WHICH MIGHT EXCEED THE LIMITS OF OFFICIAL TOLERATION. EASTERN EUROPEAN DIPLOMATS HA BEEN FAIRLY ACTIVE IN THEIR CULTIVATION OF KUWAITI LABOR LEADERS, BUT THIS FACT IS WELL KNOWN TO THE GOVERNMENT, WHI PERMITS A HIGH DEGREE OF LEFTIST UNION RHETORIC SO LONG AS IT IS DIRECTED AT ACCEPTABLE TARGETS OUTSIDE KUWAIT. OTH WORKERS IN KUWAIT, PARTICULARLY EXPATRIATES, ARE TOO DISORGANIZED TO BE A SERIOUS THREAT TO THE GOVERNMENT. KUWAITI WORKERS, MOSTLY GOVERNMENT EMPLOYEES, ARE GENERALLY CONTENT WITH THE FAIRLY GENEROUS BENEFITS THEY RECEIVE AND THE FACT THAT LITTLE WORK IS ACTUALLY REQUIRED OF THEM. EXPATRIATES' GRIEVANCES ARE BALANCED BY SALARIES MUCH HIGHER THAN THEY CAN OBTAIN ELSEWHERE AND BY THE KNOWLEDGE THAT THEY CAN QUICKLY BE DEPORTED IF THEY CAUSE TROUBLE. T LABOR SCENE IN KUWAIT SHOULD REMAIN QUEIT. IN THE UNLIKELY EVENT THAT ONE OF THE UNIONS OR A LARGE SEGMENT OF THE WORK FORCE DOES CAUSE TROUBLE, THE GOVERNMENT CAN WELL AFFORD TO BUY THEM OFF, AS HAS BEEN STANDARD KUWAITI PRACTICE WHEN CONFRONTED WITH PROBLEMS IN THE PAST. MAESTRONE
BT
#2980

* U.S. GOVERNMENT PRINTING OFFICE 1977-225 323

21 JUN 79 02 31 Z

NNNNVV ESB036KWA194
RR RUQMHR
DE RUQMKW #2980/4 1711425
ZNY CCCCC ZZH
R 201230Z JUN 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 3911
INFO RUQMBI/AMEMBASSY ABU DHABI 4764
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C O N F I D E N T I A L SECTION 4 OF 4 KUWAIT 2980

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BT
#2980

★ U.S. GOVERNMENT PRINTING OFFICE 1977-225 323

2. (C) THE PROCEDURE OF FORMING A CONSTITUTIONAL REVISION COMMITTEE, WHICH WAS PROVIDED FOR IN THE AMIRI DECREES DISSOLVING THE NATIONAL ASSEMBLY IN 1976, WAS THE TARGET OF OPPOSITION CRITICISM AT THE TIME AND AGAIN LAST MAY WHEN 31 FORMER KUWAITI LEGISLATORS IN A POINTED MEMORANDUM TO SHAIKH SAAD OBSERVED THAT CONSTITUTIONAL AMENDMENTS COULD ONLY BE ACCOMPLISHED WITH APPROVAL OF THE NATIONAL ASSEMBLY (REF D). THAT IS, RESORT TO A CONSTITUTIONAL COMMITTEE WAS NOT FORESEEN BY THE KUWAITI CONSTITUTION. MOREOVER, AS MINISTRY OF FOREIGN AFFAIRS UNDER SECRETARY RASHID AL-RASHID (PROTECT) REMARKED TO AMBASSADOR MAESTRONE ON JUNE 27, KUWAIT WOULD BE LEFT IN AN ANOMALOUS POSITION IF A PARLIMENT, ONCE ELECTED, CHOSE TO REJECT PROVISIONS PROPOSED BY THE CONSTITUTIONAL COMMITTEE. IN AL-RASHID'S VIEW, A CONSTITUTIONAL ASSEMBLY SHOULD BE ELECTED TO CONSIDER ANY NECESSARY REVISION SO AS TO REOVE ANY DOUBTS ABOUT LEGALITY. AL-RASHID ADDED THERE WAS CONSIDERABLE SENTIMENT BUILDING UP FOR THIS PROCEDURE RATHER THAN THE ONE SPECIFIED IN THE DECREE.

3. (C) COMMENT. IN COMMENTING TO THE PRESS SHAIKH SAAD ALSO PRONOUNCED THE GENRERAL PRINCIPLE THAT "WE BELIEVE IN FREEDOM AND RESPONSIBILITY." IN THIS BRIEF STATEMENT IS ENCAPSULATED THE DIFFICULTY THE GOK FACES IN RESOTRING PARLIAMENTARY LIFE HERE. THERE IS WIDE-SPREAD BELIEF THAT THE NATIONAL ASSEMBLY SHOULD BE REESTABLISHED IN ORDER TO PROVIDE FOR FREE EXPRESSION BY THE KUWAITI PEOPLE, LEST KUWAIT'S RULERS BE CHARGED WITH SUPPRESSION OF POPULAR WILL LIKE THE SHAH. HOWEVER, THE GOK IS LOATH TO RETURN TO THE DAYS WHEN KUWAIT'S SMALL OPPOSITION FACTIONS (ABOUT 10 PERCENT OF THE PARLIAMENTARY REPRESENTATION) USED THE PARLIAMENT AS A FORUM TO ATTACK THE GOVERNMENT ON DOMESTIC ISSUES AND TO DEBATE-INTER ARAB ISSUES IN A MANNER WHICH THE GOK FEARED WOULD ENFLAME SENTIMENTS AMONG KUWAIT'S LARGE POPULATION OF ARAB EXPATRIATES, PARTICULARLY PALESTINIANS, OR INVOLVE KUWAIT IN QUARREL WITH OTHER ARAB STATES.
SUTHERLAND
BT
#3302

6. AMERICAN TOURISTS 3RD QTR. 4TH QTR 1ST QTR 2ND
AND OTHER TEMPORARY
VISITORS 100 100 150

7. OTHER POTENTIAL
EVACUEES 100 (B)

8. TOTAL 2,902
(A) AN ESTIMATED 1,700 AMERICAN CITIZENS ARE ACTUA
REGISTERED AT POST.
(B) ESTIMATED NUMBER OF ALIEN MEMBERS OF FAMILIES
AMERICAN CITIZENS OTHER THAN THOSE REPORTED IN
FAMILIES OF USG EMPLOYEES. THE TWENTY REPUBLIC OF
KOREA TRADE MISSION STAFF AND DEPENDENTS REPORTED
LAST YEAR HAVE BEEN DELETED. THE KOREAN MISSION
HAS BEEN UPGRADED TO AN EMBASSY AND THERE ARE NOW
SEVERAL THOUSAND KOREAN NATIONALS (PRIMARILY
CONSTRUCTION WORKERS) IN KUWAIT. EMBASSY
KUWAIT WOULD LIKE GUIDANCE AS TO WHETHER OR NOT
THE KOREANS OR ANY OTHER FOREIGN MISSION SHOULD
BE CONTACTED REGARDING OUR E&E PLANS AND,
IF SO, IN WHAT CONTEXT. EMD OF LIMITED
OFFICIAL USE

BEGIN UNCLASSIFIED

PART II - PRIVATE AMERICANS RESIDING ABROAD

A. BUSINESSMEN	150
B. EMPLOYEES (NOT INCLUDING TEACHERS)	300
C. STUDENTS OVER 17 YEARS	0
D. MISSIONARIES, CLERGY	2
E. DEPENDENTS OF ABOVE	1,948
F. RETIRED AND THEIR DEPENDENTS	0
G. OTHERS (LARGELY TEACHERS AND TH AMERICAN SOUSES AND CHILDREN OF ALIENS)	1,000
H. TOTAL OF PRIVATE RESIDENTS	2,500

ENDO OF UNCLASSIFIED
SUTHERLAND
BT
#3408

2ND

...#0... ESA792 MWA772
...RUQMHR
...RUQMKW #3385 1970637
...CCCCC ZZH
...0632Z JUL 79
...AMEMBASSY KUWAIT
...RUQMHR/AMEMBASSY TEHRAN 4785
...RUQMBI/AMEMBASSY ABU DHABI 4792
...BAD/USINT BAGHDAD 0770
...OH/AMCONSUL DHAHRAN 4046
...OD/AMEMBASSY DOHA 2622
...RA/AMEMBASSY JIDDA 6395
...TC/AMEMBASSY LONDON 3539
...AM/AMEMBASSY MANAMA 3976
...MT/AMEMBASSY MUSCAT 2057

CTUA

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OF
TED
N
NOW

T
D

...NFIDENTIAL

...TED OFFICIAL USE KUWAIT 3385

...12065: N/A
...: PINS, PINT, IR
...JECT: REPORTS FROM TEHRAN

...THERAN 07155

...ADY FLOW OF NUTS-AND-BOLTS INFORMATION ON IRANIAN
...UATION HAS BEEN OF GREAT VALUE TO EMBASSY KUWAIT FOR
... TEN MONTHS. BECUASE OF CONTINUING IMPACT OF
...IAN DEVELOPMENTS ON KUWAIT AND THE GULF WE WOULD
...ECIATE TEHRAN'S KEEPING THIS EMBASSY ON DISTRIBUTION
... ROUTINE POLITICAL REPORTING AS WELL AS FOR ITEMS OF
...OR SIGNIFICANCE.
...NERLAND

...5

POL
Charge
Eron
Chron

16 JUL 79 08 11Z

RF.

25 JUL 79 12 5

NNNNVV ESB028KWA344
PP RUQMHR
DE RUQMKW #3524/01 2051217
ZNY CCCCC ZZH
P R 241203Z JUL 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC PRIORITY 4094
INFO RUQMBI/AMEMBASSY ABU DHABI 4809
RUQMGU/AMEMBASSY ANKARA 0252
RUEHAD/USINT BAGHDAD 0784
RUEHDM/AMEMBASSY DAMASCUS 1693
RUQMOD/AMEMBASSY DOHA 2636
RUQMRA/AMEMBASSY JIDDA 6411
RUDTC/AMEMBASSY LONDON 3548
RUQMAM/AMEMBASSY MANAMA 3988
RUQMMT/AMEMBASSY MUSCAT 2071
RUFNPS/AMEMBASSY PARIS 2257
RUQMHR/AMEMBASSY TEHRAN 4795
BT
C O N F I D E N T I A L SECTION 01 OF 03 KUWAIT 3524

E.O. 12065: GDS 7/24/85 (CLUNAN, JAMES L.) OR-M
TAGS: PEPR, ENRG, ETRD, MILI, PLOS, KU, IR, US
SUBJECT: (U) KUWAITI FOREIGN MINISTER'S VISIT TO IRAN

REFS: (A) FBIS LONDON 231130Z JUL 79, (B) FBIS AMMAN 040905Z JUL 79, (C) FBIS LONDON 231447Z JUL 79, (D) 77 STATE 073110 DTG 021824Z APR 77 (NOTAL), (E) 77 KUWAIT 2905 DTG 251355Z MAY 77 (NOTAL), (F) K[illegible] 2807 (NOTAL)

1. (C) SUMMARY: GOK FOREIGN MINISTER'S TRIP TO TEHRAN JULY 21-22, WHICH HAD BEEN CONTEMPLATED BY KUWAITIS FOR SOME TIME, WAS DESIGNED TO BROADEN KUWAITI-IRANIAN CONTACT, AND PERHAPS PAVE THE WAY FOR BETTER ARAB-IRANIAN RELATIONS KUWAITIS DID NOT INTEND TO GO INTO OIL POLICY MATTERS DURING TRIP, BUT WERE PREPARED TO BE HELPFUL WITH WHATEVER PRACTICAL PROBLEMS ITAN MIGHT FACE IN TERMS OF DOMESTIC REFINED PRODUCT SHORTAGES NEXT WINTER. ANOTHER PRACTICAL ISSUE IS THE UNSNARLING OF KUWAITI-IRANIAN NON-PETROLEUM BILATERAL TRADE. PASSAGE ON GULF SECURITY IN JOINT COMMUNIQUE, AS USUAL, EXCLUDES ALL NON-REGIONAL STATES FROM PARTICPATION IN THE "SAFEGUARDING" OF THE REGION, AND INTRODUCES NEW,AND POSSIBLY OMINOUS, LANGUAGE UPHOLDING FREEDOM OF NAVIGATION IN THE GULF PROVIDED SUCH NAVIGATION "DOES NOT DAMAGE THE SECURITY AND SAFETY OF THE REGION." THE FIRST KUWAITI MINISTERIAL VISIT TO IRAN SINCE THE FEBRUARY REVOLUTION IS ALSO MEANT TO SERVE KUWAIT'S LARGER INTEREST BY SHOWING SUPPORT FOR A

ABLE, NON-LEFTIST IRAN. END SUMMARY.

(U) COMPOSITION OF KUWAITI DELEGATION UNDERSCORES
RS. KUWAITI DEP PRIMIN/FONMIN SHAIKH SABAH AL-AHMAD
SITED TEHRAN JULY 21-22. HE WAS ACCOMPANIED BY THREE
B-CABINET OFFICIALS WHO TRACE THEIR FAMILY ORIGINS TO
E ARAB OR PERSIAN PARTS OF SOUTHERN IRAN, NAMELY THE
ISISTANT UNDERSECRETARY AT THE MINISTRY OF COMMERCE AND
DUSTRY, ALI AL-WAZZAN, THE ASSISTANT UNDERSECRETARY AT
E MINISTRY OF OIL, ABDUL RAZZAK MULLA HUSSEIN,AND THE
PUTY MANAGING DIRECTOR AT KUWAIT NATIONAL PETROLEUM
MPANY, ABDULLA AL-GHARABALLI. SABAH AL-AHMAD WAS ALSO
COMPANIED BY SHAIKH MUBARAK JABER AL-AHMAD, DIRECTOR OF
E FOREIGN MINISTER'S OFFICE AND SON OF THE AMIR, AS
LL AS A NUMBER OF OTHER LESSER OFFICIALS.

(C) JOINT COMMUNIQUE (REF A) EMPHASIZES AREAS OF
MMON INTEREST AND COOPERATION "PARTICULARY IN THE
LTURAL, ECONOMIC, AND OIL SPHERES." THERE ARE PRACTICAL
ASONS, EXPLAINED BELOW, FOR ECONOMIC AND OIL COOPERATION.
E REFERENCE TO CULTURAL COOPERATION AS WELL AS THE
WAITI CONGRATULATIONS EXPRESSED EARLIER IN THE COMMUNIQUE
THE SUCCESS OF THE ISLAMIC REVOLUTION SERVE TO RECORD
WAIT'S SUPPORT FOR THE PRESENT ISLAMIC GOVERNMENT (SUCH
IT IS) IS IRAN. WHILE MANY KUWAITIS HAVE DOUBTS ABOUT
E MULTI-HEADED IRANIAN GOVERNMENT AND ABOUT THE ABILITY
AYATOLLAHS TO GOVERN, FEW WOULD WELCOME THE FALL OF
E PGOI AS MOST KUWAITIS EXPECT ITS SUCCESSOR WOULD
LEFTIST OR WORSE. MOST OTHER PARTS OF THE COMMUNIQUE,
CLUDING THE PARAGRAPH ON THE PALESTINIAN ISSUE, CONTAIN
NGUAGE FOUND IN PREVIOUS JOINT COMMUNIQUES
SUED BY KUWAIT. THE PASSAGES ON "NON-INTERFERENCE
OTHER PEOPLE'S INTERNAL AFFAIRS" IS A STANDARD
ILER PLATE LIFTED FROM THE UN CHARTER, BUT
COULD BE USEFUL TO KUWAIT IN OFFERING REASSURANCES
BAHRAIN ABOUT IRAN'S INTENTIONS.

(C) OIL. ASKED BY CHARGE' ABOUT THE PRESENCE OF
FICIALS FROM THE OIL SECTOR IN THE DELEGATION, KUAIT'S
NISTER OF OIL, SHAIKH AL KHALIFA AL-SABAH, SAID THE
WAITI SIDE DID NOT PLAN TO RAISE OIL POLICY ISSUES OR
TTERS RELATING TO OPEC. REFERRING TO TECHNICAL PROBLEMS
AT WERE LIMITING IRAN'S OUTPUT OF REFINED PRODUCTS AND
THE POSSIBILITY THAT AS A RESULT IRAN MIGHT NOT HAVE
FFICIENT HEATING OIL NEXT WINTER, SHOULD TECHNICAL
FFICULTIES WORSEN, ALI KHALIFA SAID THAT KUWAIT WOULD
WILLING TO ALLEVIATE SITUATION IF NECESSARY.

25 JUL 79 02 52Z

NNNNVV ESB031KWA347
PP RUQMHR
DE RUQMKW #3524/02 2051232
ZNY CCCCC ZZH
P-R 241203Z JUL 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC PRIORITY 4095
INFO RUQMBI/AMEMBASSY ABU DHABI 4810
RUQMGU/AMEMBASSY ANKARA 0253
RUEHAD/USINT BAGHDAD 0785
RUEHDM/AMEMBASSY DAMASCUS 1694
RUQMOD/AMEMBASSY DOHA 2637
RUQMRA/AMEMBASSY JIDDA 6412
RUDTC/AMEMBASSY LONDON 3549
RUQMAM/AMEMBASSY MANAMA 3989
RUQMMT/AMEMBASSY MUSCAT 2072
RUFNPS/AMEMBASSY PARIS 2258
RUQMHR/AMEMBASSY TEHRAN 4796
BT
C O N F I D E N T I A L SECTION 02 OF 03 KUWAIT 3524

ALI KHALIFA ALS SAID THAT SOME MONTHS AGO, AFTER KHOMEINI POWER, KUWAIT HAD OFFEREC TECHNICAL ASSISTANCE IN RESUMING OIL PRODUCTION. EXPRESSING UNDERSTANDING FOR THE IRANIANS' DIFFICULTY IN CONTINUING TO RELY ON WESTERN OIL FIELD TECHNICIANS, KUWAIT OFFERED TO SEND THE IRANIANS SOME OF THEIR ARAB TECHNICAINS WHO COULD BE EASILY REPLACE BY WESTERNERS IN THE KUWAITI OIL SECTOR.

5. (C) TRADE. IN DISCUSSING FOREIGN MINISTER'S TRIP WITH ADCM JULY 22, KUWAIT MFA LEGAL ADVISOR TAREQ RAZOUQI EXPLAINED THAT RELATIONS WITH IRAN HAD BEEN CONSTRICTED SINCE MID-FEBRUARY AND FOREIGN MINISTER THOUGHT THE TIME HAD COME TO OFFER "BOTH IRANIANS AND THEIR GOVERNMENT" THE OPPORTUNITY TO EXPAND THEIR RELATIONS WITH KUWAIT, AS SABAH AL-AHMAD HAD PUT IT IN HIS ARRIVAL STATEMENT IN TEHRAN THE DAY BEFORE. ELABORATING, RAZOUQI SAID THAT SHORTLY AFTER THE REVOLUTION, IRANIAN CHARGE' ABDUL-HUSAIN GOLSHARIFI HAD COME TO RAZOUQI WITH A SPECIFIC REQUEST THAT GOK READMIT AN IRANIAN WORKER WHO HAD BEEN EXPELLED BEFORE KHOMEINI'S TAKEOVER FOR DISTRIBUTING ANIT-SHAH LEAFLETS IN KUWAIT. THE MINISTRY OF INTERIOR DID NOT BELIEVE IT ADVISABLE TO READMIT A MAN WITH A RECORD AS A TROUBLEMAKER, BUT WHEN RAZOUQI BROGHT TO HIS FOREIGN MINISTER'S ATTENTION GOLSHARIFI'S ASSURANCES THAT THE MAN HAD GAINED THE EAR OF KHOMEINI AND THAT IT WAS KHOMEINI'S PERSONAL WISH THAT HE RETURN TO KUWAIT, THE FOREIGN MINISTER OVERRULED THE INTERIOR MINISTER AND THE IRANIAN WAS ALLOWED TO RETURN. IN ENSUING WEEKS, AS OTHER BILATERAL ISSUES

GED -- RAZOUQI MENTIONED ILLEGAL IRANIAN MMIGRANTS
OVERDUE DEBTS OWED FOR KUWAITI COMMERCIAL EXPORTS
IRAN -- GOLSHARIFI AND RAZOUQI BECAME THE CHANNEL FOR
CUSSING THESE PROBLEMS AS WELL.

(C) RAZOUDI POINTED OUT THAT IRAN, AFTER SAUDI ARABIA,
THE LARGEST PURCHASER OF NON-PETROLEUM EXPORTS (IN
T, RE-EXPORTS) FROM KUWAIT ($80 MILLION IN 1976)
THAT REESTABLISHMENT OF SMOOTHLY OPERATING BILATERAL
MERCIAL RELATIONS BETWEEN THE TWO COUNTRIES WAS OBVIOUSLY
THE INTEREST OF BOTH SIDES. ABOUT 6 WEEKS AGO RAZOUQI
PROPOSED THAT HE HEAD A TECHNICAL DELEGATION TO IRAN
EEK RESOLUTION OF THESE ISSUES, BUT THE FOREIGN
ISTER SAID THAT HE PREFERRED TO UNDERTAKE
ISSION HIMSELF.AZOUQI EXPLAINED THAT KUWAIT'S
ER INTEREST LAY IN PROMOTING STABILITY IN IRAN AND THAT
INISTERIAL VISIT WAS CALLED FOR IN ORDER TO SHOW THAT
AIT WAS SERIOUS ABOUT BEIN SUPPORTIVE. EVENTS OF THE
T 6 WEEKS HAD INTERFERED WITH ABAH AL-AHMAD'S GOING
IRAN UNTIL NOW. STRAINS IN IRAQI-IRANIAN RELATIONS
WHICH KUWAIT DOES NOT WANT TO BE DIRECTLY INVOLVED),
MPERATE PUBLIC STATEMENTS AND PRESS CRITICISMS FROM
SIDES OF THE GULF, AND THE CONFUSION OVER WHETHER OR
KUWAIT'S AIR WOULD MAKE A VISIT TO IRAN (REF B)
TRIBUTED TO THE DELAY.

(C) GULF SECURITY. GIVEN CURRENT FUSS OVER DEPT'S
INT PUBLIC WARNING OF POSSIBLE SABOTAGE TO SHIPS
SITING THE STRAITS OF HORMUZ, AS WELL AS THE COMMON
LEDGE THAT US AND FRENCH NAVAL VESSELS ARE NOW
ATING IN THE GULF (REF C), THE ABSENCE OF NAY
NCIATION, LET ALONE MENTION, OF THIS NAVAL PRESENCE
OF THE DANGER OF ENCROACHING "US MILITARY BASES,"
T MAKE THE COMMUNIQUE'S SECTION ON GULF SECURITY (REF A)
RATHER TRITE AND HARMLESS, WERE IT NOT FOR ONE NOVEL,
POSSIBLY OMINOUS, ELEMENT. IN KUWAITI TERMS, THERE IS
ING NEW IN THE FORMULATION THAT THE SECURITY OF THE GULF
THE "EXCLUSIVE RESPONSIBILITY OF THE GULF STATES,"
IN THE "REJECTION OF ALL FORMS OF INTERFERENCE IN THE
STIC AFFAIRS OF THE GULF STATES." HOWEVER, A NEW
AGE, CONCERNING THE MUTUAL "CONVISTION OF THE NEED
ECURE FREEDOM OF NAVIGATION IN THE GULF, ON THE
ITION THAT SUCH NAVIGATION DOES NOT DAMAGE THE
RITY AND SAFETY OF THE REGION" HAS NOT OCCURRED
REVIOUS PUBLIC KUWAITI STATEMENTS AND STRIKS US AS
THAN INNOCENT.

25 JUL 79

NNNNVV ESB033KWA352
PP RUQMHR
DE RUQMKW #3524/03 2051256
ZNY CCCCC ZZH
P R 241203Z JUL 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC PRIORITY 4096
INFO RUQMBI/AMEMBASSY ABU DHABI 4811
RUQMGU/AMEMBASSY ANKARA 0254
RUEHAD/USINT BAGHDAD 0786
RUEHDM/AMEMBASSY DAMASCUS 1695
RUQMOD/AMEMBASSY DOHA 2638
RUQMRA/AMEMBASSY JIDDA 6413
RUDTC/AMEMBASSY LONDON 3550
RUQMAM/AMEMBASSY MANAMA 3990
RUQMMT/AMEMBASSY MUSCAT 2073
RUFNPS/AMEMBASSY PARIS 2259
RUQMHR/AMEMBASSY TEHRAN 4797
BT
C O N F I D E N T I A L SECTION 03 OF 03 KUWAIT 3524

IN THIS CONNECTION, WE DRAW ATTENTION TO REPORTS TWO YEARS AGO (REFS D AND E) THAT (A) ARAB STATES WERE CONSIDERING CLOSED SEA CONCEPT FOR PERSIAN GULF, THAT IS, PROVIDING THAT WARSHIPS MIGHT ENTER ONLY WITH ADVANCE NOTIFICATION AND ON INVITATION OF A LITTORAL STATE, AND (B) KUWAIT EVASIVENESS ON THIS TOPIC AT THE TIME. SO FAR AS WE KNOW, CLOSED SEC CONCEPT, WHICH USG OPPOSES, HAS REMAINED SUBMERGED, BUT NOW THAT IRANIAN NAVY MAY NO LONGER BE OUR RELIABLE PARTNER IN GULF SECURITY, ISSUE COULD BE RESURFACING WITH JOINT ARAB-IRANIAN SUPPORT.

8. (C) COMMENT. KUWAIT IS BY NO MEANS IN A POSITION TO RESOLVE ALL OUTSTANDING ARAB-IRANAIAN ISSUES. IN FACT RAZOUQI HAS TOLD US THAT KUWAIT DOES NOT WANT TO MEDIATE IRAQI-IRANINA DIFFERENCES (REF F). NEVERTHELESS, IT IS IN KUWAIT'S INTEREST TO SEE TENSIONS ACROSS THE GULF REDUCED. THE EXISTING GOVERNMENT IN IRAN IS FAR PREFERABLE TO ANY LEFTIST ALTERNATIVE, IN KUWAITI EYES. ACCORDINGLY, IT MAKES SENSE FOR KUWAIT TO ATTEMPT TO BROADEN THE BASIS FOR GOOD RELATIONS WITH THE PGOI. SUCH DEVELOPMENT WOULD BE REASSURING TO THE BAHRAINIS WHO ARE NERVOUS ABOUT IRANIAN DESINGS. AS TO SABAH AL-AHMAD'S PUBLIC DENUNICATION IN QEHRAN OF "AMERICAN THREATS" TO OCCUPY OIL FILEDS IN THE REGION, WHICH RECEIVED HEADLINE TREATMENT IN LOCAL PRESS HERE, THIS IS RATHER STANDARD KUWAITI RESPONSE WHICH IS TO BE EXPECTED EVERY TIME A NEWSPAPERMAN ASKS FOR COMMENT ON "THE 110,000 MAN CONTINGENCY FORCE."

IO IN LINE WITH KUAITI POLICY IS HIS STATEMENT THAT THE
FENSE OF KUWAIT " IS BASED ON STRENGTHENING THE INTERNAL
NT AND NOT ON A HUGE DEFENSE SYSTEM" INVOLVING LARGE
BERS OF SOPHISTICATED WEAPONS. ALL THIS PROBABLY RINGS
WELL IN IRANIAN AS IN KUWAIT EARS.
ERLAND

24

25 JUL 79

NNNNVV ESB036KWA361
PP RUQMHR
DE RUQMKW #3532/1 2051430
ZNY CCCCC ZZH
P R 241336Z JUL 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC PRIORITY 4097
INFO RUQMBI/AMEMBASSY ABU DHABI 4812
RUFHRS/AMEMBASSY ALGIERS 1022
RUEHAD/USINT BAGHDAD 787
RUFHBS/AMEMBASSY BRUSSELS 757
RUESRS/AMEMBASSY CARACAS 458
RUQMDH/AMCONSUL DHAHRAN 4050
RUQMOD/AMEMBASSY DOHA 2639
RUKOBT/AMEMBASSY JAKARTA 395
RUQMRA/AMEMBASSY JIDDA 6414
RUEHOS/AMEMBASSY LAGOS 418
RUFHLC/AMEMBASSY LIBREVILLE 270
RUDTC/AMEMBASSY LONDON 3551
RUQMAM/AMEMBASSY MANAMA 3991
RUQMMT/AMEMBASSY MUSCAT 2074
RUFNPS/AMEMBASSY PARIS 2260
RHEQQ[illegible]
RUEHKO/AMEMBASSY TOKYO 641
RUQMTI/AMEMBASSY TRIPOLI 1327
RUFHAU/AMEMBASSY VIENNA 441
BT
C O N F I D E N T I A L SECTION 1 OF 3 KUWAIT 3532

LIMDIS

E.O. 12065: GDS 7/24/85 (BUCK, STEPHEN W.) OR-E
TAGS: ENRG, OPEC, KU
SUBJECT: KUWAIT OIL MINISTER DISCUSSES PRESIDENT'S ENERGY PROGRAM, KUWAIT OIL PRODUCTION/SALES POLICY AND KUWAIT'S PRODUCTION CAPACITY

REF: (A) STATE 183760, (B) KUWAIT 2975 (NOTAL), (C) KUWAIT 3430 (NOTAL), (D) KUWAIT 3290 (NOTAL), (E) KUWAIT 1082 (NOTAL).

1. CONFIDENTIAL ENTIRE TEXT.

2. SUMMARY: IN RELAXED TOUR D'HORIZON WITH CHARGE AND ECON CHIEF EVENING OF JULY 22, KUWAIT'S OIL MINISTER, SHEIKH ALI KHALIFA AL SABAH, WELCOMED PRESIDENT'S ENERGY ANNOUNCEMENTS BUT EXPRESSED SKEPTICISM THAT AMBITIOUS LONG-TERM GOALS COULD BE REACHED. HE PREDICTED THAT OIL SUPPLY/DEMAND SITUATION IN 1980 WILL BE "LESS FIRM"

AN IN 1979 MAKING IT POSSIBLE FOR KUWAIT TO CUT
ODUCTION TO 1.5 - 1.6 MILLION BARRELS A DAY (B/D).
WEVER KUWAIT WOULD NOT CUT TO THIS LEVEL IF DEMAND/
PPLY PICTURE IN 1980 IS AS TIGHT AS IT IS NOW.
NISTER ADMITTED KUWAIT IS SELLING OCCASIONAL AVAIL-
LE CRUDE ON THE SPOT MARKET BUT ARGUED THAT DEMAND/
PPLY IMBALANCE RATHER THAN SPOTHMARKET IS CAUSE OF
GH PRICES AND ONLY RESTORATION OF BALANCE IN MARKET
LL ELIMINATE THE SPOT MARKET PROBLEM. KUWAIT HAS
MPORARY INTEREST IN INCREASING PRODUCTION TO 3
LLION BARRELS A DAY (IN ORDER TO TEST LPG PLANT FOR
MMISSIONING) BUT IS UNABLE TO DO SO, MINISTER SAID,
CAUSE MAXIMUM SUSTAINABLE CAPACITY OF "KUWAIT
OPER" (NOT INCLUDING PARTITIONED ZONE PRODUCTION)
ONLY 2.25 REPEAT 2.25 MILLION BARRELS A DAY.
NCE COUNTRY PRESENTLY PRODUCING AT THISPRATE,
NISTER APPARENTLY BELIEVES THAT KUWAIT IS PRODUCING
MAXIMUM SUSTAINABLE CAPACITY. END SUMMARY.

CHARGE, ACCOMPANIED BY DEPARTING ECON CHIEF BUCK,
LLED ON KUWAIT OIL MINISTER SHEIKH ALI KHALIFA AL-
BAH AT 8:00 P.M. JULY 22, FIRST AVAILABLE TIME TO
IEF HIM ON PRESIDENT'S ENERGY ANNOUNCEMENTS (REF A).
ARGE NOTED THAT WE DEPLORED RECENT OPEC PRICE RISES
T ADDED THAT WE WERE PLEASED BY EARLY AND POSITIVE
SPONSE BY GOK CABINET SPOKESMAN HUSSAIN TO PRESIDENT'S
ERGY ANNOUNCEMENTS (REF C). CHARGE DID NOT GO INTO
TAIL ON PRESIDENT'S PROGRAM SINCE IT HAD ALREADY
EN CONVEYED TO THE MINISTER BY LETTER AND ALI KHALIFA
DICATED THAT HE HAD STAYED UP LATE TO LISTEN TO THE
ESIDENT'S SPEECH OVER VOICE OF AMERICA.

ALI KHALIFA WELCOMED THE PRESIDENT'S PROGRAM AND
ID THAT HE HAD CIRCULATED A SUMMARY OF IT AT THE
CULAR CABINET MEETING JULY 22. HE HOPED THE PRESIDENT'S
ANS WILL SUCCEED BUT DIDN'T SEE HOW THE AMBITIOUS
JECTIVES COULD BE REACHED. FOR EXAMPLE, ONLY THREE
NTHS AGO THE EXECUTIVE BRANCH HAD INFORMED THE CON-
ESS THAT IT WOULD ONLY BE POSSIBLE TO PRODUCE 300,-
0 B/D OIL EQUIVALENT OF SYNTHETIC FUELS BY 1990.
W, IN THE LATEST MESSAGE, THE PRESIDENT WAS PRO-
CTING A FIGURE OF 2.5 MILLION B/D BY 1990. ADMITTEDLY
E NEW PROGRAM ENVISAGED MUCH GREATER INVESTMENT BUT
IS STILL COULD NOT CHANGE THE BASIC ECONOMIC REALI-
ES, MAKING THE 2.5 MILLION B/D FIGURE DUBIOUS. ONE
OULD NOT SOLVE PROBLEMS MERELY BY THROWING MONEY AT
EM. THIS SEEMED TO BE THE JUDGMENT OF INTERNATIONAL
ANKERS AND FINANCIERS, SINCE THE DOLLAR HAD DECLINED
FTER THE PRESIDENT'S SPEECH. HOWEVER IT WAS LIKELY

THAT THE U.S. WOULD EASILY REACH ITS GOALS OF IMPORT REDUCTION OVER THE NEAR TERM. SINCE THE U.S. HAD IMPORTED LESS THAN 8.2 MILLION B/D DURING THE FIRST HALF OF 1979 AND WAS GOING INTO A RECESSION, IT WAS OBVIOUS THAT IT WOULD NOT EXCEED THE 8.2 MILLION B/D GOAL FOR 1979, AND U.S. IMPORTS WOULD ALSO BE DOWN FOR 1980. RECES-
BT
#3532

25 JUL 79 02 55Z

VV ESB039KWA368
OQMHR
OQMKW #3532/2 2051445
CCCCC ZZH
413362 JUL 79
EMBASSY KUWAIT
EHC/SECSTATE WASHDC PRIORITY 4098
RUQMBI/AMEMBASSY ABU DHABI 4813
S/AMEMBASSY ALGIERS 1023
D/USINT BAGHDAD 788
S/AMEMBASSY BRUSSELS 758
S/AMEMBASSY CARACAS 459
H/AMCONSUL DHAHRAN 4051
D/AMEMBASSY DOHA 2640
T/AMEMBASSY JAKARTA 396
A/AMEMBASSY JIDDA 6415
S/AMEMBASSY LAGOS 419
LC/AMEMBASSY LIBREVILLE 271
C/AMEMBASSY LONDON 3552
M/AMEMBASSY MANAMA 3992
T/AMEMBASSY MUSCAT 2075
S/AMEMBASSY PARIS 2261
I/AMEMBASSY QUITO 260
R/AMEMBASSY TEHRAN 4799
O/AMEMBASSY TOKYO 642
I/AMEMBASSY TRIPOLI 1328
U/AMEMBASSY VIENNA 442

F I D E N T I A L SECTION 2 OF 3 KUWAIT 3532

S

WOULD REDUCE U.S. IMPORTS AND STIMULATE EXPORTS,
NG TO REDUCTION IN THE U.S. BALANCE OF PAYMENTS
IT AND STRENGTHENING THE DOLLAR.

RLD SUPPLY AND DEMAND AND FUTURE KUWAITI PRODUC-
. U.S. RECESSION, SHEIKH ALI PREDICTED, IS LIKELY
TEND THROUGH THE FIRST OR PERHAPS EVEN THE SECOND
ER OF 1980. DEMAND FOR OIL SHOULD GO DOWN NOT
IN THE U.S. BUT WORLD WIDE AND "THE FIRMNESS IN
MARKET IS LIKELY TO BE GONE IN 1980." IN FACT 1981
EVEN BE "A PROBLEM", I.E. WITH SUPPLY EXCEEDING
D. IN 1980 U.S. DEMAND FOR OIL IS LIKELY TO DROP
MILLION BARRELS A DAY, EUROPE WOULD NOT GROW AS
AND THERE WOULD BE SOME CUTS IN LDC IMPORTS.
E ARAB WORLD AFTER THE 1973/4 PRICE RISES CON-
ION DROPPED BY 10 PERCENT; THIS WAS LIKELY TO HAPPEN
. COUNTERACTING THESE "POSITIVE" DEVELOPMENTS,

INVENTORIES WOULD HAVE TO BE BUILT UP, PROBABLY BY AB 1.5 MILLIONS B/D WORLD WIDE. NEVERTHELESS, WORLD OIL SITUATION IN 1980 WOULD BE LESS TIGHT AND THEREFORE I WOULD BE PERFECTLY ACCEPTABLE FOR KUWAIT TO REDUCE IT PRODUCTION FOR "KUWAIT PROPER" (NOT INCLUDING ITS SHARE OF SAUDI/KUWAITI PARTITIONED ZONE PRODUCTION) TO 1.5 TO 1.6 MILLION B/D. THIS WOULD NOT REALLY BE A 700,-000 B/D CUT, AS SOME FELT, SINCE KUWAIT'S PRESENT PRODUCTION LEVEL OF 2.2 MILLION B/D FOR KUWAIT PROPER WAS EXCEPTIONAL. THE NORMAL CEILING WAS 2 MILLION B/D AND IN FACT PRODUCTION FOR KUWAIT PROPER IN 1977/78 HAD BEEN IN THE RANGE OF 1.8 TO 1.9 MILLION B/D, MEANING THAT A CUTBACK TO 1.5 TO 1.6 MILLION B/D FOR KUWAIT PROPER WOULD ONLY BE A 300-400,000 B/D CUT.

6. WAS THERE ANY TRUTH, CHARGE ASKED, TO ARGUMENTS SOME WERE MAKING THAT SOME OPEC STATES WERE CUTTING PRODUCTION IN ORDER TO RAISE THE PRICE? MINISTER ANSWERED EMPHATICALLY THAT HE DID NOT BELIEVE THIS TO BE TRUE. FOR EXAMPLZ, EVEN IRAQ HAS GREATLY INCREASED PRODUCTION TO MEET THE PRESENT DEMAND SITUATION, PRODUCING AT 3.4 MILLION B/D. KUWAIT'S COMMITMENT TO 2. MILLION B/D PRODUCTION FOR 1979 IS ABOVE ITS ANNOUNCEI DEILING AND THEREFORE A SENSITIVE POLITICAL MATTER, GI CONSERVATION SENTIMENT IN KUWAIT. (THE MINISTER EXPRESSLY ASKED THAT WE CONTINUE TO TREAT AS CONFIDENTIAL INFORMATION THE FACT THAT KUWAIT PROPER PRODUCTION IS AT A LEVEL HIGHER THAN THE "NORMAL" 2 MILLION B/D CEILING.) KUWAIT SHOULD CUT PRODUCTION IN 1980 TO CONSERVE ITS ONE NATURAL RESOURCE FOR AS LONG AS POSSIBLE, HE SAID. HOWEVER KUWAIT DOES NOT WANT DEMAND TO EXCEED SUPPLY SO THAT PRICES SKYROCKET BEYOND CONTROL. ANY CUT IN 1980 WOULD BE MADE ON THE ASSUMPTION OF A RELAXATION OF TIGHTNESS IN THE MARKET. IF 1979'S TIGHTNESS CONTINUES THROUGH 1980 KUWAIT WOULD HAVE TO CONSIDER APPROPRIATE PRODUCTION LEVELS ACCORDINGLY.

7. SPOT SALES AND SALES POLICY. "WHENEVER WE HAVE EXTRA QUANTITIES OF OIL," MINISTER SAID, "WE SELL THEM, SOMETIMES TO OLD CUSTOMERS, SOMETIMES TO NEW. SINCE BECOMING MINISTER ONE OF MY PRIORITIES HAS BEEN TO IMPROVE THE QUALITY OF OUR CUSTOMERS. SOME OF THEM ARE CUT OFF WHEN THEIR CONTRACTS EXPIRE. WE ARE LOOKING FOR CUSTOMERS FOR THE LONG RUN. WE DON'T WANT CUSTOMERS, AS HAPPENED IN THE PAST, WHO CAN'T MEET THEIR CONTRACT MINIMUMS WHEN DEMAND IS SLACK. WE WANT CUSTOMERS FOR THE BAD TIMES AS WELL AS THE GOOD TIMES, AND THIS MEANS COMPANIES WITH A BILLION DOLLARS OR MORE IN SHAREHOLDERS' EQUITY AND MANY

RIES", NOT THE SMALL FRY.

ERRING TO TOKYO SUMMIT PLEDGE TO REDUCE THE
F THE SPOT MARKET, MINISTER CLAIMED SPOT MARKET
T THE CAUSE OF PRICE RISES. SO LONG AS THE
EXCEEDS SUPPLY THE SPOT MARKET WOULD FIND READY
ERS. ATTEMPTING TO STAMP IT OUT IN ROTTER-
OULD DO NO GOOD. SPOT SALES WOULD SIMPLY MOVE TO
OR ELSEWHERE. IN FACT THERE WAS NO NEED FOR

25 JUL 79

NNNNVV ESB038KWA364
PP RUQMER
DE RUQMKW #3532/03 2051445
ZNY CCCCC ZZH
P R 241336Z JUL 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC PRIORITY 4099
INFO RUQMBI/AMEMBASSY ABU DHABI 4814
RUFHRS/AMEMBASSY ALGIERS 1024
RUEHAD/USINT BAGHDAD 0789
RUFHBS/AMEMBASSY BRUSSELS 0759
RUESRS/AMEMBASSY CARACAS 0460
RUQMDH/AMCONSUL DHAHRAN 4052
RUQMOD/AMEMBASSY DOHA 2641
RUKOBT/AMEMBASSY JAKARTA 0397
RUQMRA/AMEMBASSY JIDDA 6416
RUEHOS/AMEMBASSY LAGOS 0420
RUFHLC/AMEMBASSY LIBREVILLE 0272
RUDTC/AMEMBASSY LONDON 3553
RUQMAM/AMEMBASSY MANAMA 3993
RUQMMT/AMEMBASSY MUSCAT 2076
RUFNPS/AMEMBASSY PARIS 2262
RUESQI/AMEMBASSY QUITO 0261
RUQMHR/AMEMBASSY TEHRAN 4800
RUEHKO/AMEMBASSY TOKYO 0643
RUQMTI/AMEMBASSY TRIPOLI 1329
RUFHAU/AMEMBASSY VIENNA 0443
BT
C O N F I D E N T I A L SECTION 03 OF 03 KUWAIT 3532

LIMIDIS

ANY LOCATION FOR SPOT MARKETS; ALL THAT WAS REQUIRED FOR SPOT SALES WAS A TELEPHONE AND A TELEX. "I WOULD BE A FOOL," THE MINISTER SAID, "TO GIVE UP $10 EXTRA A BARREL IN A SPOT SALE WHEN I KNOW THAT IF WE DON'T SELL AT THIS PRICE SOMEONE ELSE WILL." SOLUTION TO THE PROBLEM WAS TO BRING DEMAND AND SUPPLY BACK IN BALANCE, NOT TO ATTEMPT TO STAMP OUT THE SPOT MARKET.

9. KUWAIT'S PRODUCTION CAPACITY. MINISTER WONDERED OUT LOUD WHERE PEOPLE GOT THE IDEA THAT KUWAIT WAS PRODUCING CONSIDERABLY BELOW ITS CAPACITY. OLD FIGURES, "GIVEN BY THE OIL COMPANIES", LISTING KUWAIT'S PRODUCTION CAPACITY AS 3.8 MILLION B/D WERE COMPLETELY INCORRECT, AS WAS OFTEN CITED 3 MILLION B/D FIGURE FOR KUWAIT PROPER. PRODUCTION CAPACITY FOR KUWAIT PROPER, NOT INCLUDING THAT OF OLD WAFRA OIL COMPANY (EXAMINOIL, NOW PART OF KUWAIT'S MAJOR PRODUCER, THE

OIL COMPANY) IS ONLY 2.25 REPEAT 2.25 MILLION
ANY PRODUCTION BEYOND THAT FIGURE IMPOSES A RISK
AMAGE TO THE RESERVOIRS AND RESERVOIR PRESSURE.
ACT "LAST WEEK WE HAD THREE MEETINGS GOING OVER
ER OR NOT WE COULD INCREASE PRODUCTION FROM 2.25
ION B/D TEMPORARILY TO 3 MILLION B/D (IN ORDER TO
OUT LPT PROJECT FOR COMMISSIONING). WE CONCLUDED
TO DO SO WE WOULD HAVE TO RELAX THE RULES. I
HATE TO DO THIS AS IT WOULD RUN TOO MUCH OF A
. IT WOULD MEAN NOT REPAIRING GAS GATHERING CEN-
AND IF YOU DO THIS AND DELAY MAINTENANCE, YOU RUN
ISK OF SOMETHING HAPPENING, AS FOR EXAMPLE IN
WHEN A GAS GATHERING CENTER BLEW UP. SUCH ACCI-
ARE NOT ONLY A TECHNICAL BUT ALSO A POLITICAL
. THESE DISCUSSIONS HAD REINFORCED MINISTER'S
THAT 2.25 MILLION BARRELS PER DAY IS THE MAXIMUM
INABLE CAPACITY FOR PRODUCTION IN KUWAIT PROPER.

OMMENT: MINISTER'S 2.25 MILLION BARRELS A DAY
UM SUSTAINABLE CAPACITY FIGURE IS EVEN LOWER
2.25 MILLION B/D FIGURE CITED PREVIOUSLY (REF E)
AR LOWER THAN THE 3 MILLION BARRELS A DAY OFTEN
ED ABOUT. COMMENTING ON KUWAITI CAPACITY, SENIOR
ICAN OIL EXECUTIVE LONG RESIDENT IN KUWAIT EXPRESSED
LIEF THAT KUWAITI MAXIMUM SUSTAINABLE CAPACITY
BE MUCH BELOW 2.6 MILLION B/D., UNLESS THERE
EEN SOME RECENT CHANGES IN THE RESERVOIR. MORE
Y, HE OPINED, GOK DOES NOT WANT TO PRODUCE AT
LEVELS AND IS REVISING ITS CAPACITY ESTIMATES TO
THIS POLICY GOAL. GIVEN COMPLEXITIES OF
VOIR DEVELOPMENTS, GOK COULD DO THIS AND IT WOULD
OST IMPOSSIBLE TO DISPUTE GOK ESTIMATES WITHOUT
TO EXTREMELY DETAILED COMPUTER HELD DATA. WHILE
AN OIL EXECUTIVE MAY BE RIGHT, MINISTER GAVE IM-
ION OF BEING SINCERE IN HIS ESTIMATE OF RISKS IN-
IN PRODUCTION ABOVE 2.25 MILLION B/D CAPACITY.
VER THE PRECISE CAPACITY FIGURE, GIVEN HIS VIEWS,
IS LIKELY TO BE LITTLE FUTURE IN OUR ATTEMPTING
SS HIM TO RAISE PRODUCTION OF KUWAIT PROPER MUCH
2.25 MILLION B/D FIGURE.
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TO RUEHC/SECSTATE WASHDC 4090
INFO RUQMBI/AMEMBASSY ABU DHABI 4805
RUFNRS/AMEMBASSY ALGIERS 1018
RUEHAM/AMEMBASSY AMMAN 3118
RUEHCR/USINT BAGHDAD 780
RUEHEG/AMEMBASSY CAIRO 2487
RUEHDM/AMEMBASSY DAMASCUS 1689
RUQMOD/AMEMBASSY DOHA 2632
RUEHJM/AMCONSUL JERUSALEM 521
RUQMJA/AMEMBASSY JIDDA 6407
RUDTC/AMEMBASSY LONDON 3544
RUQMAM/AMEMBASSY MANAMA 3984
RUQMMT/AMEMBASSY MUSCAT 2067
RUQMHR/AMEMBASSY TEHRAN 4791
RUEHTV/AMEMBASSY TEL AVIV 1196
RUDKKR/AMEMBASSY TUNIS 740
RUEHDT/USMISSION USUN NEW YORK 810
BT
C O N F I D E N T I A L SECTION0 OF 4 KUWAIT 3523

LIMDIS

DEPT FOR NEA

E.O. 12065: RDS-1 7/24/89 (SUTHERLAND, PETER A.) OR-M
TAGS: PEPR, XF, KU, US
SUBJECT: (C) THE SILVER LINING IN THE CLOUD OF DUST: ATMOSPHERICS SAY THE CAMP DAVID INITIATIVE IS ALIVE AND WELL

REF: KUWAIT 3522

1. (C - ENTIRE TEXT).

2. SUMMARY: KUWAIT IS A GOSSIP CENTER AT ALL TIMES. IN THE HOT SUMMER IT CHEWS ON ITS OWN ENDLESSLY DIGESTED RUMORS, BECAUSE ACCESS TO REAL FACTS IS SUPPRESSED BY HEAT, DUST AND VACATION SCHEDULES. WITH THAT CAVEAT, KUWAIT IS CURRENTLY FULL OF RUMORS AND SPECULATION, UNSUPPORTED BY HARD FACTS OR AUTHORITATIVE KUWAITI STATEMENT, THAT REAL PROGRESS IS BEING MADE TOWARD A MIDDLE EAST PEACE. THE VIENNA DRAMATICS WITH YASSIR ARAFAT ARE VARIOUSLY CONSTRUED, BUT ALL SEE THEM AS MOVES TOWARD A NEGOTIATED PEACE, WHETHER ON PALESTINIAN OR AMERICAN TERMS. DESPITE TEMPTATION OFFERED BY ANGRY AMERICAN REACTIONS TO OPEC OIL PRICE RISES, AND ALLUSIONS TO AMERICAN INVASION OF THE GULF OIL STATES, THE LOCAL MOOD IS TO SEE CAMP DAVID'S AFTERMATH PRIVATELY AS HELPFUL (THOUGH CERTAINLY PUBLICLY UNACCEPTABLE), AND TO LOOK FOR WAYS IN WHICH THE OTHER ARABS CAN RELATE CONSTRUCTIVELY TO THE CAMP DAVID PROCESS. IT IS UNFASHIONABLE, FOR THE MOMENT, ANYWAY, TO CONDEMN AMERICAN MIDDLE EAST POLICIES. OBSERVERS ARE NOT ABOUT TO CONCEDE THAT CAMP DAVID IS "WHERE IT IS AT," BUT THEY ARE NEWLY ~~OPTIMISTIC THAT RUMORED CHANGES IN THE STANDOFF BETWEEN~~ THE USG AND THE PLO CAN LEAD TO REAL PROGRESS TOWARD A TOTAL MIDDLE EAST SETTLEMENT. EVEN GIVEN THAT THIS "DUST-COATED GLASSES" VIEW OF THE MIDDLE EAST MAY BE DISTORTED, THE KEY VARIABLES ARE STILL WHETHER THE PLO'S OR USG'S POSITION ON THEIR HISTORIC STAND-OFF HAS CHANGED OR WILL CHANGE, AND WHETHER IRAQ COULD TOLERATE NEGOTIATIONS OF ANY SORT LEADING TO AN ARAB-ISRAELI PEACE. END SUMMARY.

SUMMER AIR OF KUWAIT, ALTERNATELY FULL OF WIND-
DUST AND WATER VAPR, IS CURRENTLY BURDENED WITH
THAT REAL PROGRESS IS BEING MADE IN THE "PEACE
". MEMBERS OF THE DIPLOMATIC CORPS, DEPRIVED
WERTIME ABSENCES OF EVEN THEIR USUAL SCANTY
CT WITH AUTHORITATIVE KUWAITIS, ARE IN RARE AGREEMENT,
MOST TOTAL LACK OF SUPPORTING EVIDENCE, THAT ARAFAT'S
IN VIENNA WITH KREISKY AND BRANDT, STRAUSS'S
DUCTION TO THE PEACE PROCESS IN ALEXANDRIA,
AN ALLUSIONS TO THE RISK OF MILITARY INTERVENTION
TECT THE OIL LIFELINE, AND ARAB FRUSTRATION WITH
EGATIVISM OF THE BAGHDAD RESOLUTIONS AGAINST SADAT
OW ACTIVELY FERMENTING TOWARD DRAMATIC NEWS THAT
LO, JORDAN AND SYRIA WILL BE ABLE TO JOIN
PEACE PROCESS", IN A FORUM PARALLEL TO THE CAMP
AUTONOMY TALKS.

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RR RUQMHR
DE RUQMKW #3523/2 2051020
ZNY CCCCC ZZH
R 240917Z JUL 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 4091
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RUEHAM/AMEMBASSY AMMAN 3119
RUEHCR/USINT BAGHDAD 781
RUEHEG/AMEMBASSY CAIRO 2488
RUEHDM/AMEMBASSY DAMASCUS 1690
RUQMOD/AMEMBASSY DOHA 2633
RUEHJM/AMCONSUL JERUSALEM 522
RUQMRA/AMEMBASSY JIDDA 6408
RUDTC/AMEMBASSY LONDON 3545
RUQMAM/AMEMBASSY MANAMA 3985
RUQMMT/AMEMBASSY MUSCAT 2068
RUQMHR/AMEMBASSY TEHRAN 4792
RUEHTV/AMEMBASSY TEL AVIV 1197
RUDKKR/AMEMBASSY TUNIS 741
RUEHDT/USMISSION USUN NEW YORK 811
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LIMDIS

4. OF COURSE, THOSE WHO SEE IN ARAFAT'S VIENNA MEETING PROOF THAT THE HARDLINE PRO-PALESTINIAN CAUSE MAY BE WINNING EUROPEAN (AND THEY HOPE AMERICAN) ADHERENTS HAVE THEIR UNTERPARTS IN OBSERVERS WHO BELIEVE THOSE SAME TALKS FORESHADOW AN ARAFAT-LED MODERATION OF THE PLO POSITION WHICH WILL ENABLE AMERICA TO DEAL WITH THE PALESTINIANS ON AMERICA'S TERMS. NO ONE PROFESSES TO KNOW WHAT REALLY UNDERLAY THE VIENNA CONFERENCE, BUT ALL AGREE THAT IT BODES WELL FOR PEACE IN THE MIDDLE EAST. MOST ACCEPT THE IDEA THAT THE MEETING WOULDN'T HAVE TAKEN PALCE WITH USG BLESSING, AND THEY GO BEYOND THAT CONCLUSION IN SAYING THAT USG WOULDN'T HAVE AGREED TO THE TALKS UNLESS EITHER (A) USG WAS TRYING TO ACCOMMODATE TO THE PLO POSITION, OR (B) USG WAS CONVINCED THAT THE PLO WOULD ACCOMMODATE TO THE AMERICAN POSITION. OVERALL, THE PSYCHOLOGICAL EFFECT HAS BEEN TO STRENGTHEN THE IMPRESSION THAT TALKING TOWARDS A SOLUTION IS PROMISING, AND TO WEAKEN THE IMPACT OF THOSE WHO ADVOCATE FORCING A CONFRONTATION BETWEEN ARAB INTERESTS AND AMERICAN-ISRAELI INTERESTS. AT A TIME WHEN THE OPEC PRICE RISES AND THE USG RESPONSE COULD BE EXPECTED TO GENERATE A CONSIDERABLE VOLUME OF CALLS FOR "USE OF THE OIL WEAPON", IT IS FASCINATING THAT SO MANY PEOPLE ARE FOCUSING ON AVOIDING THAT OPTION.

[redacted], FROM KUWAITI SOURCES WE HAVE LITTLE TO GO ON, OTHER THAN
[redacted]ITIVE COMMENTS BY ONE SENIOR OFFICIAL (REFTEL). FOREIGN
[redacted]NISTER SHAIKH SABAH AL-AHMAD RECENTLY (JULY 9 TO 11) MADE A
[redacted]UR OF AMMAN, DAMASCUS AND BAGHDAD WHICH HAS GONE ESSENTIALLY
[redacted]XPLAINED PUBLICALLY, AND OUR MFA SOURCES APPARENTLY DO NOT
[redacted]OW WHAT TO TELL US ABOUT THE TRIP. WHAT SOME LOCAL PAPERS
[redacted]VE INTERPRETED AS SHAIKHA SABAH'S VALIANT EFFORT TO RALLY THE
[redacted]AB STATES TO A TOUGHER POLITICAL STANCE AGAINST EGYPT, A
[redacted]W SOURCES INSIST IS THE FOREIGN MINISTER'S ANXIOUS EFFORT
[redacted] PERSUADE KING HUSSEIN AND THE RULERS IN SYRIA AND IRAQ
[redacted]HAT THE CAMP DAVID AUTONOMY NEGOTIATIONS SHOW THE ONLY VIABLE
[redacted]URSE TOWARD A SATISFACTORY SOLUTION. SUCH OBSERVERS SAY
[redacted]AIKH AHMAD MUST HAVE BEEN URGING ASSAD, BAKR AND HUSSEIN TO
[redacted]T ON WITH THE JOB OF ARRANGING FOR PARALLEL NEGOTIATIONS WHICH
[redacted]OID ADMITTING THAT CAMP DAVID IS VALID BUT WHICH CAPITALIZE
[redacted] THE STEPS TOWARD A REAL PEACE WHICH ARE BEING TAKEN IN THOSE
[redacted]OTIATIONS.

[redacted], WHEN A SOURCE AT THE AMIRI DIWAN (PROTECT) TOLD US JULY 21
[redacted]AT THE FOREIGN MINISTER IS ANXIOUS TO FIND A WAY TO RECONCILE
[redacted]E ARABS" TO THE CAMP DAVID PROCESS (THE REVERSE OF PRESS
[redacted]MENTARY, TO THE EFFECT THAT HE IS TRYING TO FIND A WAY FOR
[redacted]C ARABS TO ABORT THAT PROCESS), WE ASKED HIM WHY THE FOREIGN
[redacted]NISTER DOESN'T TELL US THIS AND ASK US TO TAKE SPECIFIC
[redacted]PS HELPFUL TO HIS EFFORTS. THE ADVISOR SAID KUWAITIS BELIEVE
[redacted]AT TALKING FRANKLY WITH US WOULD RESULT IN LEAKS TO THE
[redacted]AELIS WHO WOULD PROMPTLY ACT TO SUBVERT KUWAITI EFFORTS.

[redacted] WORKING-LEVEL FOREIGN MINISTRY OFFICIALS PROFESS THERE IS
[redacted]ING BUT GOOD ARAB DUST IN THE WIND. THE BRITISH AMBASSADOR
[redacted]CORRECT STRICTLY), WHO HAD REQUESTED A HIGH-LEVEL POLTICAL
[redacted]IENCE AT THE MFA LAST WEEK, WAS GIVEN AN APPOINTMENT WITH
[redacted]O DEPARTMENT HEADS WHO OBVIOUSLY WERE TOTALLY IGNORANT OF
[redacted] FOREIGN MINISTER'S THINKING, AND ANXIOUS THAT THE AMBASSADOR
[redacted]LIEVE THAT THEIR MINISTER WAS JUST OFF SEEING OLD FIRENDS. THE
[redacted]ASSADOR SAYS HE CONCLUDES THAT THERE IS IN FACT NOTHING IN
[redacted]E WIND. WE CONCLUDE THAT THE IGNORANCE OF THE MFA OFFICIALS
[redacted] NO EVIDENCE EITHER WAY.

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RR RUQMHR
DE RUQMKW #3523/3 2051035
ZNY CCCCC ZZH
R 240917Z JUL 79
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BT
C O N F I D E N T I A L SECTION 3 OF 4 KUWAIT 3523

LIMDIS

8. THE SWEDISH AMBASSADOR, THEN DAYS AGO, PRIOR TO DEPARTING ON PROLONGED LEAVE, SAIHE HAD IT ON IMPECCABLE ARAB AUTHORITY THAT "EUROPE" WAS MOBILIZING TO TAKE AN ACTIVE ROLE IN PEACE TALKS. ARAFAT'S VIENNA VISIT SIGNALED A WILLINGNESS BY THE PLO TO MEET REASONABLE AMERICAN TERMS, AND THE AMBASSADOR UNDERSTOOD THAT WE COULD EXPECT ANNOUNCEMENT OF A PALESTINIAN GOVERNMENT IN EXILE WITHIN ABOUT SIX MONTHS. THIS LATTER DEVELOPMENT WOULD STRENGTHEN THE APPEARANCE OF LEGITIMACY OF THE PLO, AND WEAKEN AMERICAN RESISTANACE TO DEALING DIRECTLY WITH THE ORGANIZATION. IN HIS ANALYSIS, USG'S AGREEING TO TALK WITH THE PLO WOULD TAKE THE TIME-PRESSURE OFF: THE PLO WOULD BE WILLING TO TALK NEARLY INTERMINABLY, WHILE WORLD PUBLIC OPINION ALTERED AND WHILE ISRAELI DOMESTIC POLITICAL PRESSURES ADJUSTED TO A POST-BEGIN REALITY.

9. THE JORDANIAN AMBASSADOR (PROTECT), AN INCORRIGIBLE "PEACENIK" BUT A MAN CLOSELY IN TOUCH WITH ALL CONSERVATIVE AND MANY RADICAL ARAB TRENDS IN KUWAIT, TOLD THE CHARGE RECENTLY THAT SHAIKH SABAH AL-AHMAD'S TOUR OF AMMAN, DAMASCUS AND BAGHDAD COU ONLY HAVE BEEN AN ATTEMPT BY HIM TO FEEL OUT THE PROSPECTS FOR AN ARAB SUMMIT CONFERENCE WHICH WOULD RESULT IN A VERY MODERATE

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ID FORMULA BUT WHICH WOULD PROVIDE THE BASIS FOR SETTLE-
T TALKS BETWEEN ISRAEL ON THE ONE HAND, AND JORDAN, SYRIA,
THE PLO ON THE OTHER. THE AMBASSADOR ADMITTED THAT NO
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ALSO PUT FORWARD THE BIZARRE NOTION THAT USG, WITH SUPERB
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IELDS IF NECESSARY, HAD PROVIDED THE MODERATE ARABS WITH
ECESSARY TOOL TO USE WITH THE RADICALS: HE ENVISAGES SHAIKH
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THE OIL WEAPON WOULD MEAN OCCUPATION BY THE HATED AMERICANS,
THEREFORE "WE MUST ALL PLAY WITH THE AMERICANS' NEGOTIATING
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25 JUL 79 [illegible]

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C O N F I D E N T I A L SECTION 3 OF 4 KUWAIT 3523

LIMDIS

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25 JUL [illegible]

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LIMDIS

11. BOTTOM LINE: WE ARE USED TO AN ALMOST OBSCENE NEGATIVISM AMONG OBSERVERS HERE OF AMERICAN MIDDLE EAST DIPLOMACY. RIGHT NOW THAT NEGATIVISM IS MUTED, OR LIMITED TO PROFESSIONALLY NEGATIVE COMMENTATORS, AS IF THE DETERMINATION OF THE USG TO REAL RESULTS OUT OF THE CAMP DAVID PROCESS HAD HAD ITS EFFECT BECAUSE OF COINCIDENTAL (FORTUITIOUS OR OTHERWISE) DEVELOPMEN IN VIENNA AND VARIOUS ARAB CAPITALS. FEW WILL STAND UP AND SAY "YOU AMERICANS ARE RIGHT!", BUT MANY ARE SAYING THAT THE NAME OF THE GAME NOW IS NOT TO DESTROY THE CAMP DAVID PROCESS BUT TO BUILD ON IT. SO LONG AS THE PLO IS PREPARED TO ASSERT A HARD LINE, FEW WILL SPEAK OUT AGAINST IT; BUT NEARLY EVERY WELCOMES THE POSSIBILITY OF THE PLO'S ADOPTING A NEW, SOFT LI THEY ALSO WELCOME THE IDEA THAT USG MAY FIND A WAY TO ENCOURA SUCH A SOFT LINE, AND TO REACH APPROPRIATELY TO IT WHEN IT EMERGES. THEY DO NOT SEE WHAT MECHANISM CAN BE INVENTED TO PRODUCE A "SEPARATE BUT EQUAL" PEACE PROCESS UNDER EUROPEAN SPONSORSHIP TO INVOLVE THE SYRIANS, JORDANIANS AND THE PLO IN NEGOTIATIONS, BUT MANY BELIEVE THAT THAT MECHANISM IS BEING WORKED OUT NOW IN CONCERT WITH THE USG. KUWAIT, AS USU IS NOT ABOUT TO BE "OUT FRONT", BUT THERE MAY BE SUBSTANCE I ANALYSES THAT SEE SHAIKH SABAH AL-AHMAD AS FEELING OUT THE

IBILITIES FOR A NEW, MODERATE POSITION TO TAKE THE BAGHDAD
IT ARABS OFF THE STERILE HOOK OF THEIR REJECTION OF CAMP
'S RESULTS. THE TWO BIG QUESTIONS, SEEN FROM HERE, ARE (A)
ER ARAFAT FEELS HIMSELF POSITONED TO DELIVER AMEANINGFUL
MPROMISE WITH THE USG POSITION, IN ORDER TO ENGAGE HIS
ANIZATION EITHER IN CAMP DAVID TALKS OR IN PARALLEL
IATIONS; AND (B) WHETHER IRAQ, CONCEIVABLY WITH ITS
ITION CHANGED BY THE ACCESSION TO FULL POWERS OF SADDAM
EIN, WILL BE AMENABLE TO COUNSELS OF MODERATION. IF THE
WORLD EXCEPT IRAQ PETITIONS ISRAEL FOR PEACE, THERE WILL
ANXIOUS AND PROBABLY PROLONGED, WHISPERED CONSULTATIONS
NG KUWAITIS AND THEIR NEIGHBORS BEFORE THE GOK TAKES ANY
IC POSITION AT ALL. ALL THE FOREGOING MAY BE THE INEVITABLE
ED PRODUCT OF A KUWAIT JUST EMERGING FROM NINETEEN CONSECUTIVE
OF EYE-SEARING, LUNG-CONGESTING SANDSTORMS, AND THERE IS
DLY A SCRAP IN IT OF OFFICIAL KUWAITI EVIDENCE, BUT WE HAVE
ED SOME OF THE MAIN ARTERIES OF OPINION IN KUWAIT AND
INCLINED TO BELIEVE THERE IS SOME BASIS IN FACT FOR THE
EL OPTIMISM OF OUR CONTACTS HERE. SUTHERLAND

1923

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RR RUQMHR
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ZNY CCCCC ZZH
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FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 4089
INFO RUQMBI/AMEMBASSY ABU DHABI 4804
RUEHCR/USINT BAGHDAD 779
RUEHEG/AMEMBASSY CAIRO 2486
RUEHDM/AMEMBASSY DAMASCUS 1688
RUQMOD/AMEMBASSY DOHA 2631
RUEHJM/AMCONSUL JERUSALEM 520
RUQMRA/AMEMBASSY JIDDA 6406
RUDTC/AMEMBASSY LONDON 3543
RUQMAM/AMEMBASSY MANAMA 3983
RUQMMT/AMEMBASSY MUSCAT 2066
RUQMNS/AMEMBASSY SANA 1389
RUQMHR/AMEMBASSY TEHRAN 4790
RUDKKR/AMEMBASSY TUNIS 739
RUEHTV/AMEMBASSY TEL AVIV 1195
RUEHDT/USMISSION USUN NEW YORK 809
BT
C O N F I D E N T I A L KUWAIT 3522

24 JUL 79 09 57Z

LIMDIS

E.O. 12065: RDS-1 7/24/89 (SUTHERLAND, PETER A.) OR-M
TAGS: PEPR, XF, KU, US
SUBJECT: (C) KUWAITI OFFICIAL COMMENTS FAVORABLY ON US ROLE IN PEACE PROCESS

REF: (A) STATE 178999, (B) STATE 179404, (C) KUWAIT 3523.

1. (C - ENTIRE TEXT).

2. SUMMARY: JULY 22 CONVERSATION BETWEEN ADCM AND SENPOR KUWAITI MFA OFFICIAL ELICITED POSITIVE COMMENTS ON US ROLE IN PEACE PROCESS. END SUMMARY.

3. AFTER OTHER BUSINESS WITH KUWAITI MFA LEGAL ADVISOR TAREQ RAZOUQI (PROTECT), ADCM MENTIONED OUR SATISFACTION WITH MODEST PROGRESS ACHIEVED BY AMB STRAUSS IN BUILDING PERSONAL RELATIONSHIPS WITH SADAT AND BEGIN AND IN ESTABLISHING AN AGENDA FOR AUTONOMY TALKS (REFS A AND B). ADCM INVITED RAZOUQI'S COMMENTS ON AMB STRAUSS' TRIP AND ARAFAT'S MEETING IN VIENNA. DR. RAZOUQI, WHO IS CLOSE TO THE FOREIGN MINISTER, ACKNOWLEDGED THE PREVAILING MFA OPINION THAT THE VIENNA MEETING CREATED A MORE POSITIVE IMAGE OF YASSER ARAFAT AND THE PLO, BUT HE THOUGHT THERE WERE LIMITS ON WHAT EVEN THE MOST RESPECTED EUROPEAN STATESMAN COULD DO FOR THE MIDDLE EAST PEACE PROCESS. AMERICA'S ROLE HE THOUGHT WAS DECISIVE: "YOU HAVE TO TALK TO THE PLO." HE EXPECTED WE EVENTUALLY WOULD.

4. IN THIS VEIN, HE MENTIONED A RECENT CONVERSATION HE HAD
HAD WITH AN "AMBASSADOR OF A SOCIALIST STATE" WHO SUGGESTED
THAT KUWAIT FOLLOW UP ON THE BAGHDAD CONFERENCE ACTIONS
AGAINST EGYPT BY ENCOURAGING SAUDI ARABIA AND THE OTHER
OIL-PRODUCING STATES OF THE PENINSULA TO USE OIL PRICES,
OIL PRODUCTION, AND THE LEVERAGE OF ITS INVEXTMENTS IN THE
US IN ORDER TO PUT PRESSURE ON THE US TO BRING ISRAEL TO
HEEL. RAZOUQI, WHO SAID HE WAS FURIOUS AT SUCH AN IMPERTINENT
SUGGESTION, ASKED THE SOCIALIST AMBASSADOR HOW HE COULD
PUT FORWARD SUCH A PROPOSITION WHEN THE MAJOR ARAB
STATE IN THE PENINSULA HAD ON ITS BORDERS A MARXIST STATE.
IT WOULD HARDLY BE IN SAUDI ARABIA'S INTEREST TO
ALIENATE THE US THROUGH CRUDEHPRESSURE TACTICS WITH
NEIGHBORING SOUTH YEMEN TO CONTEND WITH AND ANOTHER SOVIET
SURROGATE ACROSS THE RED SEA, RAZOUQI ADDED. MOREOVER,
SPEAKING AS A KUWAITI OFFICIAL WITH THE RANK OF AMBASSADOR,
RAZOUQI WANTED HIS INTERLOCUTER TO KNOW THE US WAS AT
LEAST TRYING TO ACHIEVE A SETTLEMENT IN THE MIDDLE EAST,
WHICH WAS MORE THAN THE SOVIET UNION WAS DOING. THE US
HAS INFLUENCE WITH ISRAEL, RAZOUQI SAID, AND WILL EVENTUALLY
SPEAK WITH THE PLO. HENCE, THE US IS THE COUNTRY IN A
POSITION TO HELP RESOLVE THE FUNDAMENTAL ISSUES. FINALLY,
RAZOUQI SAID TO HIS SOCIALIST COLLEAGUE, IT WOULD NOT BE
IN KUWAIT'S SHORT OR LONG TERM FINANCIAL OR ECONOMIC
INTERESTS TO DISTURB THE ECONOMY OF THE US BY THESE
TACTICS.

5. ADCM THANKED RAZOUQI FOR THIS REPORT AND
REITERATED OUR INTENTION TO CONTINUE TO BE A FULL PARTNER
IN THE PEACE PROCESS, BUT CAUTIONED THAT THE PROCESS
WOULD BE NEITHER QUICK NOR EASY.

6. COMMENT: RAZOUQI'S REMARKS -- THE MOST POSITIVE HEARD
FROM A KUWAITI OFFICIAL IN A LONG TIME -- OCCUR AS
THERE EMERGES HERE A SENSE THAT THERE'S A SILVER LINING
IN THE STILL CLOUDED PROSPECTS FOR MIDDLE EAST PEACE (REF C).
HEMERLAND
ET
#7522

WINN

25 JUL 79 03 0

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TO RUEHC/SECSTATE WASHDC 4100
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RUFHOL/AMEMBASSY BONN 0566
RUEHAD/USINT BAGHDAD 0790
RUDKPNQ/AMEMBASSY COPENHAGEN 0035
RUQMOD/AMEMBASSY DOHA 2642
RUQMRA/AMEMBASSY JIDDA 6417
RUDTC/AMEMBASSY LONDON 3554
RUFHBG/AMEMBASSY LUXEMBOURG 0016
RUFNPS/AMEMBASSY PARIS 2263
RUEHRO/AMEMBASSY ROME 0524
RUQMHR/AMEMBASSY TEHRAN 4801
RUEHKO/AMEMBASSY TOKYO 0644
RUDKGPQ/AMEMBASSY THE HAGUE 0142
RUFHBS/AMEMBASSY BRUSSELS 0760
RHEGDOE/DEPT OF ENERGY WASHDC
BT
C O N F I D E N T I A L KUWAIT 3533

ALSO FOR USEEC

E.O. 12065: GDS 7/21/85 (BUCK, STEPHEN W.) OR-E
TAGS: ENRG, KU, FR
SUBJECT: (C) FRENCH BILATERAL OIL PURCHASES

REF: (A) ABU DHABI 1838, (B) PARIS 22596, (C) KUWAIT 3532

1. (C-ENTIRE TEXT).

2. IN RESPONSE TO OUR QUERY, FRENCH EMBASSY ECONOMIC OFFICER (PROTECT) SAID HE KNEW OF NO LIKELY FRENCH BILATERAL OIL PURCHASE ARRANGEMENTS WITH KUWAIT AND DOUBTED THAT ANY WOULD BE CONCLUDED. NO DISCUSSION OF SUBJECT, TO HIS KNOWLEDGE, HAD TAKEN PLACE IN TALKS WITH KUWAIT'S OIL MINISTER DURING VISIT BY FRENCH ROVING AMBASSADOR EARLIER THIS YEAR. SOURCE DOUBTED THAT KUWAIT WOULD AGREE TO ANY BILATERAL PURCHASE AGREEMENT WITH FRANCE, SINCE THESE WERE OFTEN LINKED TO PURCHASE OF FRENCH EQUIPMENT OR SERVICES (AS IN CASE OF IRAQ) AND GOK DID NOT NORMALLY ENTER INTO SUCH ARRANGEMENTS. ONLY POSSIBLE DEVELOPMENT IN THE "OIL SPHERE" BETWEEN TWO COUNTRIES MIGHT BE FRENCH FIRM WINNING SOME OF THE WORK ON EXPANSION/MODERNIZATION OF KUWAIT OIL COMPANY REFINERY,

THIS LONG-DUSCUSSED BILLION DOLLAR PROJECT EVE IS
ALLY APPROVED.

COMMENT: KUWAIT OIL SALES ARE LARGELY COVERED UNDER
AND MEDIUM TERM CONTRACTS, WITH PRESENT PRODUCTION
VE NORMAL CEILING OING MOSTLY T THE THREE MAJOR
CHASERS WITH LONG-TERM CONTRACTS, GULF, BP AND SHELL,
OCCASIONAL SPOT SALES. WE UNDERSTAND THERE MAY BE AS MUCH
1Ø0,ØØØ B/D
ILABLE IN THE FOURTH QUARTER OF 1979, SINCE AN
AICAN FIRM HAS HAD VERY PRELIMINARY DISCUSSIONS WITH
AIT'S OIL MINISTRY REGARDING PURCHASE OF SUCH AN
UNT. THIS IS PROBABLY, HOWEVER, CONTINGENT ON SOME
TING CONTRACT NOT BEING RENEWED.
RANCE WERE TO PUSH FOR KUWAITI OIL,
EARLIEST IT COULD GET IT, ON CAONTRACT BASIS, WOULD PROBABLY
AFTER MARCH 31, 1980, WHEN PRESENT FIVE-YEAR GULF
BP CONTRACTS COME UP FOR RINEWAL. HOWEVER, IF KUWAIT
PRODUCTION IN 1980, WHICH IS A DISTINCT POSSIBILITY
C), THERE MAY BE LITTLE EXTRA TO GO AROUND.
ERLAND

[illegible]
RR RUQMHR
DE RUQMKU #3542 2060840
ZNY CCCCC ZZH
R 250815Z JUL 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 4102
INFO RUQMBI/AMEMBASSY ABU DHABI 4017
RUEHAM/AMEMBASSY AMMAN 3122
RUEHAD/USINT BAGHDAD 791
RUEHEG/AMEMBASSY CAIRO 2491
RUQMDH/AMCONSUL DHAHRAN 4053
RUQMOD/AMEMBASSY DOHA 2644
RUQMRA/AMEMBASSY JIDDA 6419
RUQMMI/AMEMBASSY MUSCAT 2076
RUSBAE/AMEMBASSY NEW DELHI 407
RUQMHR/AMEMBASSY TEHRAN 4802
RUEHKO/AMEMBASSY TOKYO 645
RUEAUSA/DEPT OF LABOR WASHDC
BT
C O N F I D E N T I A L KUWAIT 3542

LIMDIS

E.O. 12065: RDS-1 7/25/89 (SUTHERLAND, PETER A.) OR-M
TAGS: PINT, ELAB, PINS, ENRG, KU
SUBJ: (C) OIL MINISTER SAYS OIL WORKERS ARE MANAGEABLE

REF: (A) KUWAIT 2980, (B) KUWAIT A-12, JUNE 13, 1979 (NOTAL),
(C) KUWAIT 2718 (NOTAL), (D) KUWAIT 3530 (NOTAL)

1. (C-ENTIRE TEXT).

2. IN COURSE OF TOUR D'HORIZON WITH KUWAIT OIL MINISTER, SHAIKH ALI KHALIFA AL-SABAH JULY 22 (REF D) REFERENCE WAS MADE TO CONTINUAL PROBLEMS POSED FOR IRAN BY IRANIAN OIL WORKERS, WHICH LED TO THE QUESTION OF WHETHER KUWAIT COULD POSSIBLY BE FACED WITH SUCH DIFFICULTIES. SHAIKH ALI TOLD US BLUNTLY THAT "IT WOULD ONLY TAKE FORTY WORKERS" TO STOP OIL PRODUCTION IN KUWAIT. ALL THEY WOULD HAVE TO DO IS "WORK TO RULE", REFUSING TO PERFORM BEYOND THE LIMITS OF THEIR JOB DESCRIPTIONS. HOWEVER, MINISTER QUICKLY ADDED, "I DON'T HAVE A PROVLEM HERE." E ONE OR TWO PERCENT OF THE OIL WORKERS IN REALLY KEY JOBS ARE ABSOLUTELY TRUSTWORTHY, AND THE REST ARE EASILY KEPT CONTENT. "THEY ARE NOT HIGHLY POLITICIZED AND I KEEP IN CLOSE TOUCH WITH THEM; I KEEP THEM HAPPY." CLOSE TABS ARE KEPT ON THOSE FEW WORKERS WHO ARE POLITICIZED.

3. MINISTER NOTED THAT HE HAD THE DAY BEFORE PARTICIPATED IN MEETING OF THE CIVIL SERVICE COMMISSION TO DISCUSS WAGE INCREASES FOR THE OIL WORKERS. BEFORE NATIONALIZATION THE OIL WORKERS UNION HAD ENGAGED IN COLLECTIVE BARGAINING REGARDING WAGES. NOW THAT THE OIL COMPANIES WERE GOVERNMENT-OWNED, WAGE AND RELATED MATTERS HAD FALLEN UNDER THE CIVIL SERVICE COMMISSION AND COLLECTIVE BARGAINING HAD EFFECTIVELY BEEN TAKEN AWAY FROM THE LABOR UNIONS. YET THE OIL WORKERS HAD NOT COMPLAINED ABOUT IT. "I WAS PERSONALLY SURPRISED BY A RECENT LETTER FROM THE LABOR UNION" MINISTER SAID, "AS I THOUGH THEY WOULD BE MORE ANGRY. WE REALLY HAVE WITHDRAWN FROM THEM THEIR RIGHT TO NEGOTIATE BUT THEY HAVE NOT PROTESTED."

4. MINISTER SAID THAT WORKERS WOULD RECEIVE PAY INCREASES AND MOST OF WHAT THEY HAD ASKED FOR, BUT NOT ALL, SINCE IF THE GOVERNMENT CONCEDED ON ALL POINTS THE WORKERS WOULD JUST COME BACK AND ASK FOR MORE.

5. COMMENT: MINISTER'S COMMENTS TO US REINFORCE CONCLUSIONS REPORTED REF C THAT OIL WORKERS DO NOT APPEAR TO POSE A THREAT [illegible] TO KUWAITI STABILITY OR TO OIL PRODUCTION.

SUTHERLAND

ACTION NEA

INFO	REP	AF	ARA
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DEPARTMENT OF STATE

AIRGRAM

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Original to be Filed in _____ Decentralized Files.

FILE DESIGNATION

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HANDLING INDICATOR

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TO : DEPARTMENT OF STATE

DEPT PASS: ABU DHABI, AMMAN, BAGHDAD, CAIRO, CONIDEASTFOR, DAMASCUS, DHAHRAN, DOHA, ISLAMABAD, LONDON, MANAMA, MUSCAT, NEW DELHI, PARIS, RIYADH, SANA, TEHRAN, TEL AVIV, USDOD, US DEPT OF TREASURY, USDEPT OF LABOR, USCINCEUR FOR POLAD

FROM : American Embassy KUWAIT DATE: August 8, 1979

SUBJECT : (C) Political Reassessment: The Effect of Modernization in Kuwait

REF : (A) STATE 38373, (B) KUWAIT 3402

EO 12065: GDS 8/8/85

TAGS: PINS, PGOV, SOCI, SPOP, KU

(C - ENTIRE TEXT).

SUMMARY: The modernization of Kuwait began thirty-five years ago with the first shipments of petroleum from Kuwaiti oil wells. The enormous increase in national wealth has caused the population to burgeon and the old, simple, cohesive social scenario, played out behind mudbrick walls, has been bulldozed away. Not only have foreigners come to Kuwait by the thousands, rendering Kuwaitis a minority in their homeland, but among Kuwaitis themselves there are new tensions borne of the dispersion of old families and the introduction of new, bedouin families to the sprawling urban complex which has replaced

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Enclosures:

1. (UNCLASSIFIED) Table: Composition of the Expatriate Community by Nationality, 1965, 1970, 1975.

2. Note on Estimate of Income Disparity Growth among Kuwaitis.

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For Department Use Only

FORM DS-323

Drafted by: ECON:SWBuck | Drafting Date: (mem/gc) | Phone No. | Contents and Classification Approved by: CHARGE:PASutherland

JLClunan/CHARGE:PASutherland, 7/28/79

Extensively revised since drafting, this text has not been fully cleared by ECON or POL. Its virtues are those of Buck and Clunan, its faults those of the Approving Officer.

INFO GORY

the old village. Most expatriates brought here by oil wealth have no interest in Kuwaiti politics but the Iranian laborers, especially since the coming to power Khomeini in Iran, are a threat, and the Palestinian community, the largest and most cohesive foreign element in Kuwait, poses a very complex problem for the Government. However, the "oil pie" has been more than large enough, and Kuwaiti leadership wi enough, so that wealth has been spread throughout society in such a way that economic inequalities, real though they are, do not fuel dangerous political movements, among expatriates or relatively disadvantaged Kuwaitis. The latest thinking among Kuwaiti policy-makers emphasizes the importance of reserving "Kuwait for the Kuwaitis", and, while it acknowledges that fore talent and labor will always be necessary, the trend is toward trying to avoid increases in the resident expatriate community. Kuwaitis as a group are still cohesive, but the expansion of th physical base and the introduction of new social elements has led to dissatisfaction with traditional modes of achieving consensus, and has lent strength to efforts to convene a representative national assembly. END SUMMARY.

The Effects of Modernization. In the past thirty-five years Kuwait has been completely transformed from a sleepy backwate port, dependent on fishing and limited trade, into a petroleum and financial power of world importance. In the process the old Kuwait has literally been leveled and the Kuwaitis have be made a minority in their own country. In what follows we revi the changes, their effect on the local society, the changing composition of the population, resulting tensions both within Kuwaiti community and between Kuwaitis and non-Kuwaitis, and implications of the present situation, and of emerging Kuwait government policy to cope with it, for future social and polit stability.

Background: Kuwait "before oil". Kuwait before 1946, when oil was first exported from Kuwait, is of more than historical interest. When asked to define who is a "real Kuwaiti", almos invariably influential Kuwaitis tell us that it is a person o the descendant of a person who was living and working in Kuwai "before oil," the clear implication being that those who have come after are not true Kuwaitis, but merely people who came here to cash in on the oil. The Kuwait of 1946 had a total income of less than $5 million and a population estimated at perhaps 90,000, almost entirely Arabs native to the state, mo of them living within the mud-wall enclosed town of Kuwait wh gates were closed at sundown. Besides the ruling Sabah famil

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society was broken down broadly into three groups: 1) the odd leading merchant families who owned ships engaged in shing, trade and pearl diving; 2) those who manned the boats, craftsmen, and 3) a relatively small number of bedouin, who ed outside the city, but had links through marriage with some hant families. It was a society closely knit through rriage and the extended family system. Three or four generations ed under one roof, or in linked houses, and those in a given ghborhood were closely related. Every family, from the Sabahs he most lowly, had a room or diwaniyya, whose door was ually always open for visitors high and low. Through the aniyya system, communication in the society was quick, direct effective between all levels. Life was far from idyllic. e was no air conditioning to combat the 120 degree heat, rculosis and smallpox were prevalent, infant mortality was h, and water scarce, but all levels of society shared these ships.

Wealth and Destruction. Flush with oil revenues which eased 200-fold in the space of a few years, the Sabah family arked in the early 50's on a program to completely modernize t and turn it into a welfare state. To do so they decided the best method was to buy up the old houses and buildings in the old city at inflated prices, destroy them, and then nce new construction within and without the old city on emely liberal terms. At the same time they embarked on large nditures for roads, hospitals, schools, etc. The result a massive transfer of cash from official to private Kuwaiti ets. Between 1946 and 1971 the GOK distributed more than illion, a quarter of total oil revenues, through its land isition program. The program brought wealth, but also ruction and dispersion. The visitor to Kuwait today can almost no old houses. The few that remain sit forlornly en dirt parking lots, waiting to be bulldozed to make way yet another high-rise office building. With the houses, bulldozers destroyed the physical reinforcements of the old nded family system. Married sons now increasingly live ately from their fathers in new villas or in apartments, scattered far and wide in suburbs which make Kuwait appear modeled on Los Angeles.

lation Change. To turn Kuwait into a modern welfare state, government had to rely heavily on expatriate labor, skilled nskilled. Palestinian workers, many of them displaced in ssive Arab-Israeli wars, arrived to help meet the demand. the years, tens of thousands of Egyptians, Iranians,

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Indians, Pakistanis, and others have joined the ranks of temporary immigrants to Kuwait. At the same time a large number of bedouin flocked into Kuwait, attracted to opportun afforded by its rapid development. The result was a rapid increase in population, at one point in the late 50's reaching rate of 16 percent per annum. From 1946 to 1975, when the la census was taken, Kuwait's population increased over 1100 pe cent, from 90,000 to over a million. Its composition changed radically, from a largely homogeneous group of townspeople, society in which Kuwaitis were a minority (47.5 percent) in own country. Equally important, the legal definition of bei Kuwaiti changed. Partially to balance the influx of Palesti Egyptians, Iranians, Indians, and others, and partly simply regularize their status, the GOK conferred Kuwaiti nationali on most of the bedouin arrivals. No statistics are availabl on what percent of the present population of Kuwaitis (somew over 500,000) are of recent bedouin origin. However, since net increase in Kuwaitis over the past thirty years has aver 6.5 percent per year, or nearly double the growth rate of ot countries in the region, half the growth rate appears to be t result of naturalization. This indicates that a significant proportion of Kuwaitis, perhaps as much as 40 percent, is probably of recent bedouin origin. Kuwaitis have accordingly become a less homogeneous group: the felt differences between "old" and "new" Kuwaitis comprise a locus of tensions which d not exist "before oil."

Income Distribution - New Riches Bring Greater Inequality.

a. Kuwaitis. It is clear that for all Kuwaitis the inc pie has been getting much larger. As a rough measure, in 19 average imports per capita were $280. By 1960 the figure ha nearly tripled to $780 per capita and by the mid-1970's the figure was well over $4,000 per head. Rapid increases in i per capita, (estimated at $15,480 in 1976), have not been m by progress in income distribution. In fact, according to a recent statistical analysis by Kuwaiti and English scholars, income inequalities have widened over time, not only between Kuwaitis and non-Kuwaitis, but among Kuwaitis. According t study of family income in 1972/3, before the great oil pric rise, among non-Kuwaitis as a group, 10 percent of non-Kuwa families received about 29 percent of this group's total in while among Kuwaitis, the top 10 percent received more than percent of total Kuwaiti income. Since then, with inflation percentage of total income going to the richest Kuwaiti hou has increased, according to these studies. (see enclosure 2)

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b. Non-Kuwaitis. It should come as no surprise that the [illegible] income of non-Kuwaitis is less than that of Kuwaitis. [illegible]972/73, the most recent year for which data is available, [illegible]edian family income for Kuwaitis was about $750 per month, [illegible] it was $500 for non-Kuwaitis. Non-Kuwaitis enjoyed less [illegible]ing power because a high percentage of them were employed as [illegible]aid laborers and they had to pay rent, while many Kuwaitis [illegible]ved subsidized housing (and the income from rent), and [illegible]rential government treatment in employment and salaries. [illegible] no precise data exist for the period since the 1973/4 oil [illegible] rise, it seems likely that the gap between Kuwaiti and [illegible]Kuwaiti income has widened, since increased rents have affected [illegible]Kuwaitis more than Kuwaitis, and since the bulk of income from [illegible]y arrangements, contracting, etc has gone to Kuwaitis.

c. But There's Basically Enough for All. By way of [illegible]ast with many other countries, the extraordinary wealth [illegible] has come to Kuwait with modernization has not been [illegible]red by a given class or family group. Increased income [illegible]ibution has been unequal, but not grossly so. Those with [illegible]ry access to the new wealth have made sure that not only [illegible]o one left out, starving and resentful, but also that nearly [illegible]one, foreigners and newcomers not excepted, has had to admit [illegible]ving benefited greatly. The pie has been so large, in other [illegible] that everyone's piece has been substantial. There have [illegible]and will always be complaints of inequality, but these [illegible]oints are not backed up by privation and suffering.

[illegible]uwaitis -- A Destablizing Force? A good deal has been [illegible]en lately about the allegedly inherent instability of [illegible]ties which depend on large numbers of technicians and [illegible]ers from other countries, and especially about the Gulf States [illegible]el of which have indigenous populations smaller than the [illegible]orces imported to help usher in the 20th century. But [illegible] fears of instability are valid only to the extent that the [illegible]riate communities are primed to play an active role in the [illegible]cs of their host countries. The fact is that for the [illegible]part these communities in Kuwait are politically inert in [illegible] of Kuwaiti politics. Income disparity is not a problem [illegible]se the "guestworkers" earn far more than they could else- [illegible], and they are not about to kill their golden goose. In [illegible] Arabia there is a very large Yemeni workforce, which, [illegible]dered in the context of Saudi politics vis-a-vis North [illegible]outh Yemen, may be serious grounds for concern, but in Kuwait [illegible] is nowhere near the numerical domination of the workforce [illegible] foreign element which the Yemenis represent in Saudi

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Arabia. There are many Indians in Kuwait (about 70,000, up from an estimated 35,000 in 1965), but they come from all parts of India and represent assorted religious, language and caste groups. They are more concerned with precedence among Indians here than they are about whether Indians have a fair shake in Kuwait.

The Iranians would not be a problem had it not been for the Khomeini revolution which has laid the basis for idealistic appeals to them along religious lines. So far, at least, they have not been exhorted to bring about the Islamic Millenium in Kuwait. The government worries about this large community of non-Kuwaiti Muslims, many of whom doubtless take pride in the successes of Khomeini, but it takes courage from the fact that the Iranian workers are here without rights, and can be expelled at will at the first sign of trouble.

Arab Politics Among Expatriates. Far more troublesome to the Kuwaiti authorities are the Arab communities -- the Palestinians (perhaps 300,000 strong) first and foremost, the Egyptians, Iraqis and Syrians next, and the Yemenis -- mostly high dep laborers -- last of all. Arab residents are heirs, as the Asians are not, to the Arab Nationalist tradition, and can expected to assert, more or less loudly, that they have a ri Arabs to share in the Arab patrimony, of which Kuwait holds very large proportion. Those who expouse Ba'athi tenets cl that there are no boundaries within the Arab World, and tha therefore Kuwaiti wealth belongs to all Arabs. The Palestin assert that their "cause" is the preeminent Arab cause, and therefore Kuwaiti assets should be totally at the disposal those who are militant strugglers for Palestinian rights. The Egyptians, more worldly than the other Arabs, have in common -- despite the deep rifts within their community of 120,000, roughly half common laborers and half intellectual and technocrats of varying ideological strains -- a convict that the Kuwaitis are basically crude bedouin, undeserving Egyptian concern, and hardly worthy of Egyptian envy. Among Arab communities of Kuwait there is mutual scorn: The Kuwa look down on all Arab foreigners nearly to the same degree as they scorn non-Arab Asians; the Palestinians believe they are more long-suffering and better educated and more virtuous than the primitives and backsliders who do not share their militant, refugee history; the Iraqis are confident of their subversive power, and scorned as shallow, dark-minded men; and the Egyptians, viewed by others as effete, know they are superior, because the Pharaohs and Nasser were bigger men

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Egypt is a greater nation than the Arab World has produced. this is why the Government of Kuwait is cutting down on Arab migration, and looking to South Asia and the Far East for the workforce necessary to conduct further expansion of the national infrastructure. South Koreans may be highly disciplined, and characterized as a dangerous "army" in the left-wing press, but they do a highly efficient job, complete their projects on time, have absolutely no interest in the inter-Arab affairs which absorb most of the working energies of Kuwaiti security officials, and go home when the job is done.

Although we need to know more on this front, our conclusion up to this point is that the Iranian expatriates, with largely hypothetical support from the substantial -- but diluted -- Iranian-origin Kuwaiti Shi'a, could cause trouble for the government of Kuwait if Khomeini or another influential Iranian leader, playing on the asserted cosmic importance of an Islamic revolution, called on Iranians to change the Kuwaiti modus vivendi. The trouble, however, would be containable, in the judgement of our best contacts who say that the majority of Kuwaitis, including the Shi'a and those of Iranian origin (both Shi'a and Sunni) would rally to stability and would not support Islamic subversion of the benign autocracy of Kuwait (78 KUWAIT 6604).

The Palestinian community problem, to which Kuwaiti policy-makers devote so much attention, is entirely different, because the many Palestinians have been here so long, and have such a valid claim to a full share of the proceeds of Kuwaiti development, and because so long as the Arab/Israeli conflict continues on its recent course, they have no genuine "nation" to which to return or through which to seek recourse (78 KUWAIT 5021). In short, Palestinians could come to see Kuwait as their country, and to resent being deprived of its benefits. So far, at least, the Palestinians have expressed little interest in helping to run Kuwait. They don't care who is in the National Assembly, and so long as the pay and allowances remain satisfactory, they are content to complain of their statelessness, agitate for the right to retire in Kuwait rather than be expelled when their working days are over, and to exercise a watching brief over statements by Kuwaiti leaders about the future of the Middle East. Palestinian nationalism is such, and Kuwaiti accommodation has been such, that the Palestinian community has never seriously dreamed of taking over Kuwait with all its riches. And this is surely something to which the Kuwaiti national leadership has given serious thought since

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the civil war in Jordan in the fall of 1970, when the thought of a Palestinian takeover of King Hussein's territory fueled savage bloodshed.

The Palestinian Future: Dilemma for Hosts and Guests Alike. The future of Palestinians in Kuwait is a highly problematic one. Far more than any other foreign group, the Palestinian community has put down roots. Whereas 10-15 years ago Palestinian men were here working and sending their paychecks "home" to support their families, today the families are here, the children are growing up attending Kuwaiti and private schools in Kuwait, and a new generation of "Kuwaiti Palestinians" is about to take over leadership of the Palestinian community. Yassir Arafat and many other PLO leaders have spent considerable time, and have relatives living, in Kuwait, but as "foreigners" in a sense that the coming generation will never know. As reported elsewhere, we believe the great bulk of Palestinians here are peaceful folk who would rather have their economic and social future secured than die on the barricades. They pay lip service, and contribute from their salaries, to the Palestinian resistance organizations, but they long for security more than for redemption of their "national rights." But this does not mean they have lost their identity as a national community: if the Government of Kuwait were to turn its back on the Palestine cause, it would be in serious trouble. Not only would Palestinians in key positions in Government ministries at the desalination works, and other vital national jobs be tempted to show their resentment, but the pent-up frustration of the Palestinian population would appear in myriad forms to the grave distress of the Sabah regime.

The crunch will come if the Palestinians are offered a choice. If the search for peace inthe Middle East leads to creation of a Palestinian homeland or state, the Kuwaitis will be relieved of some of the pressure to be hospitable to the "victims of Zionist aggression." At the same time, the Palestinians who have played and continue to play such an essential role in the progress of Kuwait toward modernity in so many spheres, may well be faced with giving up lucrative positions in the Gulf economy, and going "home" to less economically rewarding positions. The Kuwaitis will continue to abhor the notion of absorbing Palestinians into the real Kuwaiti society, but they will continue to need the skills the Palestinian community has to offer. One can foresee that the Kuwaitis will make it decreasingly attractive for Palestinians to work in Kuwait,

[redacted] assumption that the existence of a homeland of their [redacted] will make this politically feasible. But one can [redacted] foresee that thousands of Palestinians, whose entire lives [redacted] been passed in the Kuwaiti environment, but not in the [redacted]ti socio-political context, will be forced to choose between [redacted]lty to Palestine and loyalty to Kuwait, and that many will [redacted]se the latter, presenting the Government of Kuwait with [redacted] choices threatening the cozy insularity of its society. [redacted]ong as the pro-Palestinian world regards the Palestinian [redacted]unity in Kuwait as a group of people waiting to move to [redacted]omeland, the witholding of Kuwaiti-type benefits from [redacted]dent Palestinians is not only understandable, but is an [redacted]b National duty": to do otherwise is to contribute to the [redacted]ening of the Palestinian diaspora as a force working for [redacted]edemption. The creation of a Palestinian homeland or state [redacted]d oblige Kuwaitis to refine their thinking about what the [redacted]nce of Palestinians in Kuwait would really mean.

[redacted]uture of the Foreign Communities. As modernization/ [redacted]lization continues Kuwaitis seem likely to remain a minority [redacted]eir own country, since there is little incentive for them to [redacted]e dirty work, or highly technical chores they can hire others [redacted]. Especially if Kuwait wishes to diversify its economy [redacted] from oil by industrialization, it seems it must perpetuate [redacted]itizens' minority status, if not accentuate it, by import- [redacted]he skills necessary to create modern industry, and the [redacted]collar workmen who sustain such industry.

[redacted]d a Manpower Policy. In the mid-1970's when Kuwait was [redacted] with labor-creating industrialization plans - everything [redacted]petrochemical plants to steel mills - it seemed likely that [redacted]tis would decrease as a percentage of total population. [redacted]s manpower study, predicting manpower needs for 1975-80 [redacted] on rapid industrializztion plans, concluded that by 1980 [redacted]waiti proportion of the population would have declined from [redacted]to 46 percent because of the influx of needed foreign [redacted]. However, since that time steel mills and a lot of other [redacted]ious projects have been either rejected outright or in [redacted]t permanently shelved. Kuwaiti officials, led by Shaikh [redacted]alifa al-Sabah, now Oil Minister, have publicly stated [redacted] opposition to "white elephant" projects, even when this [redacted]icted with powerful local interests wanting to build them. [redacted]y important, as local production has been hurt by foreign [redacted]tition, leading to calls for tariff protection, merchants who [redacted] for industrialization in the post-1973 boom now see that

there are pitfalls, and their enthusiasm is cooling. Kuwaitis are becoming more and more aware of the adverse environmental effects of industrial projects in their small country. Finally, as they become increasingly sophisticated and well-traveled, they discover attractive opportunities for investment abroad, thereby lessening the pressure for investment in Kuwait.

Although there has never been any public announcement of what GOK manpower policy really is, experts attending a regional population/manpower seminar held in Kuwait earlier this year and other well-informed observers, Kuwaiti and non-Kuwaiti, indicate that the trend which is emerging is toward a very restrictive policy on industrialization and immigration. Kuwait is likely to continue to spend lavishly on housing, roads, electricity, water, etc., but in so doing it will follow a conscious policy of importing workers - primarily Asian, non-Arab - who come to the country for one project and leave when it is done. Economic growth alone, then, is not likely to lead to an increase in the permanent non-Kuwaiti population.

some ways the GOK is discouraging an increase in the "settled" Kuwaiti population already here. We are told that it is virtually impossible for Palestinians not already established in Kuwait to obtain residence permits even if they have close relatives here. The new civil service law provides that no benefits will be given for any children born to non-Kuwaitis after July 1, 1979. Although it is minor as yet, one can see a trend of Kuwaitis taking over at least some of the jobs of non-Kuwaitis, not only of highly skilled, usually European expatriates, but also of intermediate-level job holders. Where, for example many bank tellers and clerks have been Indian, they are now increasingly Kuwaiti. Kuwaiti women are increasingly taking secretarial, teaching and professional jobs formerly held by non-Kuwaitis. In 1965 working Kuwaiti women totaled 1,092, out of a total work force of 184,297, or a miniscule .6% of the work force. By 1975 their number had increased over seven-fold, to 7,500, while the work force had less than doubled (to 305,000), increasing their proportion to 2% of the total work force, and 8% of the Kuwaiti work force. With Kuwaiti women now accounting for the majority of students at Kuwait University, the proportion of Kuwaiti women in the work force is likely to increase, reducing the proportion of non-Kuwaiti workers.

"Kuwaitization" of jobs has long been an implied government policy, but observers differ sharply about its prospects for success. There are those who argue that government and private positions attractive to Kuwaitis are for the most part already filled, and that less attractive jobs will not find takers except among the expatriate community. Others, however, insist there is still abundant room in the GOK for well educated younger Kuwaitis to fill managerial and technical positions now occupied by foreigners. No one argues that Kuwaitis will ever displace the Egyptian or Pakistani laborers from the Kuwait Municipality garbage trucks and we are told the Amir himself privately concedes that there will probably always be a need for top-level, western engineers and managers to guarantee against breakdown of the increasingly complex machinery, both industrial and bureaucratic. Not all young Kuwaitis returning with good university degrees will be satisfied with salaried jobs in a hierarchy when they could be forming businesses and getting rich, but, on balances, we think the percentage of Kuwaitis in the permanent workforce of Kuwait may well gradually increase for the foreseeable future, to the relative disadvantage of the expatriate communities. Economic planning and changed Kuwaiti notions on the nature of welfare growth thus have come to reinforce socio-political instincts which lead Kuwaitis to try to avoid being submerged in a society of expatriates.

Tensions between Kuwaiti groups: Just as the Palestinians and expatriates do not think of themselves as Kuwaiti nor, in gener to become Kuwaiti (except in the sense of trying to obtain b presently available only to Kuwaitis,) the Kuwaitis do not con Palestinians and other expatriates as part of the body politic. some ways the most remarkable thing we have observed from many listening to diwaniyya and other discussions among Kuwaiti men simply that when the conversation focused on the local political scene, it was entirely on Kuwaiti subjects, as if the non-Kuwait majority in Kuwait did not exist.

Comments by individual Kuwaitis and journal articles by Kuwaiti professors lead to the following observations on the effect of modernization on various Kuwaiti groups and the inter-relation between these groups:

A. The Sabahs - The Sabahs' record in sharing the wealth, exemplified by a quarter of the country's revenues having gone Kuwaiti pockets through the land purchase program, is impressiv Since 1973 there have been grumblings from Kuwaiti merchants the many younger Sabahs who have gone into business. Howeve of these Sabahs, such as Shaikh Nasser, a son of the Foreign have been more active in investment outside of Kuwait than ins country, and therefore cannot be said to have stolen the bread the mouths of other Kuwaitis. Also, the phenomenon can be and viewed simply as the normal result of the more educated generati of younger Sabahs wanting to put this education to work. Besides business, a number of them, especially the women, are working in fairly technical positions in a number of Ministries. In short the younger Sabahs are "doing their thing." That those Sabahs w have gone into business should be criticized indicates that bus in Kuwait is not controlled by the ruling family. Unlike Saudi Arabia, the first question visiting businessmen ask us is not "w ruling family member should I have as an agent?" There are Sab family members who are silent or not-so silent business partn and business visitors may well choose as an agent a firm whi a Shaikh of Al-Sabah as a partner, but Kuwait's rapid modern has not led to business' becoming a Sabah family preserve (fo on the Sabah and their position in Kuwait see KUWAIT A-23). theless there is today more complaint from Kuwaiti merchants Sabahs who have gone into business than there used to be.

B. The Shi'a - Kuwait's Shi'a minority, estimated at/least at of the total Kuwait population (see 78 KUWAIT 6604), sticks to and has prospered greatly from the affluence which has accompan modernization. Benefiting from Sabah family patronage and their own industry, many prominent Shi'a families have done extremely

Old prejudices do not die easily and there are certainly Kuwaitis, especially among the less educated and the bedouin, resent "those Iranians" being named to high positions. Growing lth and education and the rise of Khomeini have brought on a new de and assertiveness among the Shi'a. As previously reported WAIT A-15), the Shi'a are likely to push for - and get - greater esentation in any future National Assembly (see below). Since ognition of this prospering community's improved status is ikely to have much of an effect on the rest of the Kuwaiti body litic, we do not see the emergence of a slightly more assertive 'a community in Kuwait as leading to friction with the Sunni jority. Indeed, one prominent Sunni, citing the marriage of two his daughters into a prosperous Shi'a family, says differences disappearing. The phenomenon of Khomeinism, however, has brought not only a new degree of Shi'a pride, but an old measure of i prejudice. Since February, 1979 one has heard less of the fortable "All Kuwaitis are alike" and more of the dangerous "A 'a is always a Shi'a!" Kuwaitis have dreaded the possibility t an irresponsible, religious-inspired appeal from Iran would be , inciting the Shi'a of Kuwait. Our most knowledgeable contacts lict that the result would be reaffirmed loyalty to Kuwait and Sabah, but the fact is that the proposition has not been tested.

C. Old Merchant Families vs Other "town" Kuwaitis - As indicated paragraph 6 above, Kuwait's modernization and its enormous increase income have made some of the rich much richer. Has this caused ion between the old merchant families and other "town" Kuwaitis, have not done proportionately well? Kuwaitis we ask generally nplay the problem. They point out that Kuwait's Ministries, at Assistant Undersecretary, Undersecretary and even Minister level, studded with relatively "unknown" names. There are many Kuwaitis from the leading families who have done very well in the local k market and in business because they were more venturesome than of the older merchants. Finally, in Kuwait's growing economy, old system where a few families handled scores, or even hundreds trading agencies, and completely dominated the marketplace, no er applies. The economy has expanded sufficiently so that rialization is needed. In this situation, young, aggressive rants can compete with the older establishments. In fact, one family member suggested to us that the Amir may direct business the newer families to counterbalance advantages for the old ilies, "just as you Americans promote minority and small business." l-informed bankers tell us that if a Kuwaiti, whatever his ground, can establish himself as an agent for only a few foreign s, he can then usually build up access to credit and soon amass siderable wealth. Entry into business in Kuwait continues to be n and attractive. Patterns which ensure that the rich will grow

much richer continue. However, what has appeared is a growing
and action on the part of the government to ensure that, whatev
disparities, all Kuwaitis will be economically better off. Hen
massive $5 billion government housing program to ensure that all
Kuwaitis are decently housed, and not burdened by inflated rent
hence the subsidies on food, free education, and medical care.
Kuwaitis whose fathers may have been pearl divers or gate keepe
who spent their childhood without running water or electricity
improvements are enormous. So long as the Government of Kuwai
vides so many benefits, and the local business scene provides
easy entry for Kuwaitis with a modicum of capital and enterpri
income differences seem unlikely to cause real friction, altho
will continue to cause grumbling.

D. "Town" Kuwaitis vs Bedouin - The ancestors of the old
families of Kuwait were bedouin, and they are proud of this he
However, when "town" Kuwaitis today talk of bedouin, they are
speaking of their noble ancestors, but of persons who have co
Kuwait from the desert since oil came on stream, and who have
naturalized in large numbers. Indeed, as indicated above, as
40% of Kuwaiti citizens may be recently naturalized bedouin o
children. Almost universally, educated Kuwaitis we have talk
call "the bedouin" a headache. Although many were naturalize
create a block in the National Assembly in the late 60's and
70's to support the ruling family against small but vociferous
nationalist opposition, many did not perform as expected. Th
were just as obstructionist as the opposition, and too often
with whoever promised them most. Now many consider them a nuisa
since they overload the payrolls of the government bureaucracy, b
paid for doing little more than drinking tea. Their demands for
social services are incessant, and, not satisfied with the respon
of the bureaucracy, they try to take their complaints directly to
the Amir or the Crown Prince. To cope with their antique attitud
the Ministry of Defense, whose forces are heavily bedouin, has ha
to construct two special entrances in the wall around the Ministr
compound so that bedouin can enter unimpeded the diwaniyyas of t
Defense Minister and Chief of Staff, who receive bedu regularly
on Wednesdays.

In February 1979, when the Amir made a series of well-publici
visits to various localities, the principal complaints he receive
were from bedouin about the slow rate of construction of housing
and utility service for these groups. (Indeed the waiting list i
long: those who applied for "low" income housing in 1968 are jus
now getting theirs.) The GOK already is halfway through an ambi
$5 billion housing program, construction of a $1.1 billion power
generating station is about to start, and another $2 billion pow
generating complex is planned. Even given this massive activity
we are told that complaints such as those voiced by the bedouin

to ensure even larger expenditures in the future on housing, nts, sewers, water and electrical supply systems. But so is the Kuwaiti pie overall that one seldom hears complaints "establishment" individuals that too large a share is going to ewly settling elements.

Ageless, Kuwaitis are Basically United: Having catalogued inter- differences, we should not make too much of them. The very that bedouin are being settled, are living in houses and driving like "town" Kuwaitis, going abroad on Kuwait government scholar- . etc. is bringing them into the Kuwaiti body politic. It is that once settled, they are likely to remain in townships, such ra, which are primarily ex-bedouin in makeup. But in their nd daily life they increasingly mix with other Kuwaitis. is, no matter what their origin, wear western clothes when , but nearly all don Kuwaiti garb upon their return to Kuwait. Partly habit, tradition, etc., but also because it distinguishes rom non-Kuwaiti Arabs. There is no question that, being a ty in their own country, Kuwaitis look inward and to a certain have an "us and them" mentality. Whatever the differences n the merchant aristocracy and the other "town" Kuwaitis, and n "town" Kuwaitis and bedouin, this is a "family" matter, sense that there is a fundamental, shared conviction that it d to be Kuwaiti, with all the privileges and benefits that ntails, and that the other residents in Kuwait are not. Cynics ay that patriotism is largely a function of the estimated 00 that Kuwaiti citizenship is worth in lifetime s. Whatever the case, it is a powerful unifying force, one to ensure that whatever the social tensions which moderniza- rings, they will not lead to any fundamental confrontations n Kuwaiti groups.

h Kuwaitis thus really do comprise something similar to the mily" of which official speeches boast, it seems accepted ong Kuwaitis high and low, that their society has outgrown h quantitatively and qualitatively -- the close, consultative, iyya system by which, in former days, news was efficiently and opinion filtered back to those in authority. The quality logue has been depressed by the spreading out of Kuwait City, dispersion of families across growing suburbs, and by the uction of thousands of new families without traditional links gossip society of old Kuwait. Thus one noticeable political of modernization in Kuwait has been increased faith in an national legislature, as a medium for expression of opinion erse elements in society, and as a means whereby the executive can, to some degree at least, be called to account for its s or its oversights. This interest is building as the

deadline, August, 1980, for reconstituting the National Asse
dissolved in August of 1976 approaches. Reconciling the per
interests of the various elements in Kuwaiti society into a
acceptable formula for representation in the Assembly, and f
operating rules, will absorb increasing high-level attention
months just ahead (see KUWAIT 3302).

Conclusion. The strains of modernization have not torn apart
fabric, such as it is, of Kuwaiti society. There have been
in Kuwait, so there is no problem of rural populations lured
city, put to work in factories, and told to seek comfort in
slogans less comforting than their rural saints. Kuwait is
composite of territorially-based nationalities, each waiting
lapse on the part of the central government to permit it to
its separateness. Development has brought prodigious wealth
that wealth has been well spread across the population preci
because the rulers of the nation have sought to avoid dispar
which might breed discontent. Modernizing has required and
the immigration of thousands of foreign laborers and technic
entrepreneurs, and some of them -- the Palestinians and the
especially -- have brought with them susceptibilities to out
influences with which the Government must cope, both through
techniques and through the adaptation of national policy. Th
pect in this regard is for a future in which these externall
generated tensions are minimized, through limitations on imm
and through careful attention to relations with governments
these expatriate communities relate. The old, homogeneous n
Kuwait "before oil" has dissolved, but there remains a disti
"Kuwaitiness" which embraces the oldest merchant families wi
two hundred years of residence as well as the bedouin famili
are just beginning to learn what living in one place and hol
government job entails. The simple closeness which characte
all who lived within the mudbrick walls of Kuwait forty year
has been replaced by a Buick Culture, made up of people hurt
from suburb to suburb on family visits. The change has gene
a perception that, in order to ensure that consensus is pres
regular sitting together of elected representatives is essen
to the future happiness and order of Kuwaiti society.

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Composition of the Expatriate Community by Nationality, 1965, 1970 and 1975

Nationality	1965	%	1970	%	1975	%
rdanian & Palestinian	77,712	31.4	147,696	37.7	204,178	39.0
raqi	25,897	10.5	39,066	10.0	45,070	8.6
udi Arabian	4,632	1.9	10,897	2.8	12.527	2.4
banese	20,877	8.4	25,387	6.5	24,776	4.7
yrian	16,849	6.8	27,217	6.9	40,962	7.8
gyptian	11,021	4.4	30,421	7.8	60,534	11.6
danese	418	0.2	773	0.2	1,553	0.3
men (P.D.R.Y.)	2,635	1.1	8,604	2.2	12,332	2.4
men (Y.A.R.)	144	-	2,363	0.6	4,831	0.9
ab Gulf Nationls	2,011	0.8	5,518	1.4	4,056	0.8
ncati Omani	19,584	7.9	14,670	3.7	7,313	1.4
hers	6,143	2.5	237	0.1	1,055	0.2
l Non-Kuwaiti rab Nationals	187,923	75.9	312,849	79.9	419,187	80.1
anian	30,790	12.4	39,129	10.0	40,842	7.8
dian	11,699	4.7	17,336	4.4	32,105	6.1
kistani	11,735	4.7	14,712	3.8	23,016	4.4
hers	5,133	2.1	7,440	1.8	7,599	1.4
tal Non-Arab Nationals	59,357	24.1	78,617	20.0	103,562	19.6
and Total	247,280	100.0	391,266	100.0	522,749	100.0

Source: Ministry of Planning, Kuwait, Statistical Abstract, 1976, Table 17, p. 31.

Income inequality among Kuwaitis has grown for the following
according to studies by Kuwaiti scholars:

Those in control prior to oil, the shipowners and merchants,
trated on the import business fueled by oil revenues, while t
Kuwaitis, bedouin, craftsmen, fishermen, etc. were quite sati
with new posts in the oil sector or as civil servants. Since
must come through 51% Kuwaiti-owned companies, and since 80%
Kuwaiti expenditure is on imports, it was the merchants who g
most from the rapid expansion of Kuwaiti income. Furthermore
4.8% of Kuwaiti agents represent 38% of all products imported
relatively small group of Kuwaitis gained the most from Kuwai
rapidly rising revenue. Moreover, since the top people in go
tended to be from the leading merchant families, they were in
position to know in advance about government plans for land a
tion, and to profit accordingly. They were the ones to go in
contracting, thereby also gaining disproportionately, since a
from imports, the bulk of increased government expenditures w
into construction rather than salaries. Finally, the top mer
benefitted disproportionately from the inflation resulting fr
1973/4 oil price rise, since they had invested heavily in off
buildings and apartments, and were able to raise rents five-f
more. Middle and low-level Kuwaiti civil servants and oil in
workers were more likely to rent their housing and were there
hurt more by inflation.

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RUQMBI/AMEMBASSY ABU DHABI 4831
OL/AMEMBASSY BONN 0568
BS/AMEMBASSY BRUSSELS 0762
AD/USINT BAGHDAD 0800
PNQ/AMEMBASSY COPNEHAGEN 0036
RG/AMEMBASSY CAIRO 2496
OD/AMEMBASSY DOHA 2654
DB/AMEMBASSY DUBLIN 0018
RA/AMEMBASSY JIDDA 6426
C/AMEMBASSY LONDON 3560
BG/AMEMBASSY LUXEMBOURG 0017
AM/AMEMBASSY MANAMA 4003
MT/AMEMBASSY MUSCAT 2088
PS/AMEMBASSY PARIS 2269
RO/AMEMBASSY ROME 0526
ER/AMEMBASSY TEHRAN 4806
TV/AMEMBASSY TEL AVIV 1202
TI/AMEMBASSY TRIPOLI 1331
KO/AMEMBASSY TOKYP 0646
GPQ/AMEMBASSY THE HAGUE 0143
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N F I D E N T I A L KUWAIT 3740

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. 12065: GDS 8/7/85 (SUTHERLAND, PETER A.) OR-M
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ECT: (C) POSSIBLE EC NINE - GULF ARAB DIALOGUE

: (A) ABU DHABI 1942, (B) BRUSSELS 14058 (NOTAL)

ENTIRE TEXT).

CONVERSATION I HAD AUGUST 7 WITH SHAIKH MUBARAK
L-AHMAD, ACTING OFFICE DIRECTOR FOR THE
IGN MINISTER, I ASKED ABOUT POSSIBILITIES FOR AN

ARAB OR GULF SUMMIT, REFERRING TO REPORTS (AMONG OTHERS OF UAE MINSTATE FOR FOREIGN AFFAIRS RASHID ABDALLAH'S VISIT TO KUWAIT LAST WEEK. SHAIKH MUBARAK SAID THE VISIT HAD NOTHING TO DO WITH ANY SUMMIT. ITS PURPOSE HAD BEEN TO FOLLOW UP ON A KUWAITI INITIATIVE, TAKEN JUST PRIOR TO THE LATE JUNE TOKYO SUMMIT, TO URGE THE FRENCH TO SPONSOR TALKS ON OIL AND OIL PRICING BETWEEN THE EC-9 AND THE ARAB GULF STATES. SHAIKH MUBARAK ALLEGED THAT THE FRENCH HAD PUT THE SUGGESTION TO THE OTHER TOKYO PARTICIPANTS, AND THAT PRESIDENT CARTER HAD SPECIFICALLY BLESSED IT.

3. IN PARTIAL CONTRAST TO BRUSSELS' REPORT, REF B, WHICH I HAD NOT SEEN AT THE TIME OF THIS CONVERSATION, SHAIKH MUBARAK SAID THE IDEA WAS TO LIMIT THE OIL PRODUCING PARTICIPANTS TO THE GULF ARABS, SPECIFICALLY EXCLUDING BOTH IRAQ AND IRAN "WHOSE PRESENCE WOULD MAKE THINGS MESSY."

4. SHAIKH MUBARAK DID NOT MENTION, AND I DID NOT RAISE, SUBJECT OF INCLUDING IN SUCH TALKS THE NEED FOR EUROPEAN POLITICAL SUPPORT FOR THE ARAB POSITION ON THE MIDDLE EAST CRISIS IN EXCHANGE FOR ARAB GENEROSITY IN THE OIL SECTOR.

5. SHAIKH MUBARAK SAID THAT ARRANGEMENTS FOR SUCH A MEETING WERE STILL BEING DISCUSSED. HE THOUGH AN OPEC MEETING IN EUROPE IN SEPTEMEBER WOULD BE A LIKELY TIME TO FIRM UP PLANS FOR IT.
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OMBI/AMEMBASSY ABU DHABI 4837
1/AMEMBASSY ALGIERS 1039
0/USINT BAGHDAD 806
3/AMEMBASSY BRUSSELS 765
3/AMEMBASSY CARACAS 463
3/AMCONSUL DHAHRAN 4059
3/AMEMBASSY DOHA 2661
3/AMEMBASSY JAKARTA 402
3/AMEMBASSY JIDDA 6428
3/AMEMBASSY LAGOS 425
3/AMEMBASSY LIBREVILLE 275
/AMEMBASSY LONDON 3564
3/AMEMBASSY MANAMA 4010
3/AMEMBASSY MUSCAT 2092
3/AMEMBASSY PARIS 2272
3/AMEMBASSY QUITO 263
3/AMEMBASSY TEHRAN 4809
3/AMEMBASSY TOKYO 649
3/AMEMBASSY TRIPOLI 1332
3/AMEMBASSY VIENNA 448

F I D E N T I A L SECTION 1 OF 2 KUWAIT 3917

12065: GDS 8/14/85 (SUTHERLAND, PETER A.) OR-M
ENRG, KU
(U) KUWAIT'S OIL PRODUCTION AND MARKETING PLANS

(A) KUWAIT 3532 (B) KUWAIT 3533 (C) KUWAIT 2975

ENTIRE TEXT).

MARY. IN MEETING WITH EMBOFF AUGUST 12 OIL MINISTRY
ING COMMITTEE CHAIRMAN SHAIKH ALI JABER AL-ALI
AH VIGOROUSLY DENIED THAT KUWAIT IS CONTEMPLATING AN
CUTBACK IN CRUDE PRODUCTION, SINCE THIS WOULD HAVE
S ADVERSE EFFECT ON THE WORLD MARKET. HE SAID SAUDI
ON TO RAISE PRODUCTION HAD HAD A CALMING EFFECT, ESPECIALLY
SPOT MARKET, AND HE CLAIMED KUWAIT DOES NOT NORMALLY
SPOT MARKET EXCEPT FOR POLITICAL REASONS, TO TEST DEMAND,
HECK OUT POTENTIAL CONTRACT CUSTOMERS. GOK WANTS TO
Y CUT BACK THE MAJORS' PREDOMINANT ROLE AS CUSTOMERS
WAIT CRUDE AND MAY PRESS GULF AND BP TO CUT OFFTAKES

BY AS MUCH AS TWO-THIRDS WHEN THEIR CONTRACTS COME UP FOR
RENEWAL NEXT MONTH. KUWAIT PLANS TO DIVERSIFY ITS CUSTOMI
AND WANTS RESPONSIBLE INDEPENDENTS AND STATEOWNED OIL COM
TO PICK UP THE SLACK FROM THE MAJORS. IT PREFERS DEALING
STATE-OWNED COMPANIES ON COMMERCIAL BASIS RATHER THAN DIR
GOVERNMENT TO GOVERNMENT PURCHASE AGREEMENTS. FRENCH HAVE
ABOUT PURCHASE OF KUWAITI CRUDE, BUT KUWAITIS HAVE NOT AG
TO ANY SUPPLY AT THIS TIME. END SUMMARY.

3. KUWAITI PRODUCTION PLANS. EMBOFF CALLED AUGUST 12 ON
SHAIKH ALI JABER AL-ALI AL-SABAH, CHAIRMAN OF THE OIL MAR
COMMITTEE OF THE OIL MINISTRY, TO DISCUSS KUWAITI CRUDE
PRODUCTION AND MARKETING STRATEGY. ASKED ABOUT RECENT PRE
REPORTS QUOTING OIL MINISTER SHAIKH ALI KHALIFA AL-SABAH
EFFECT THAT KUWAIT WAS CONTEMPLATING A CUTBACK IN PRODUCT
TO 1.5 MILLION B/D, SHAIKH ALI JABER VIGOROUSLY MAINTAINE
THAT MINISTER HAD BEEN MISQUOTED. AS A RESPONSIBLE PRODUC
KUWAIT WOULD NOT CONSIDER CUTTING BACK ITS PRODUCTION IN
FACE OF PRESENT MARKET CONDITIONS. KUWAIT WAS AWARE OF TH
DISASTROUS EFFECTS SUCH AN ACT WOULD HAVE ON THE WORLD
ECONOMY AND ON ITS OWN INTERESTS AS WELL, AND WOULD CONTI
TO PRODUCE AT ROUGHLY PRESENT LEVELS UNTIL THERE WAS SOME
IN THE MARKET. KUWAIT WOULD BE QUITE HAPPY TO DECREASE IT
PRODUCTION WHEN DEMAND DROPPED BUT WOULD TAKE A VERY CARE
LOOK AT THE IMPACT OF SUCH A STEP BEFORE DOING SO.

4. PRESENT MARKET SITUATION. SHIKH ALI JABER SAID THAT TH
SAUDI DECISION TO RAISE PRODUCTION HAD A SIGNIFICANT IMPA
IN CALMING DOWN THE MARKET AND LOWERING SPOT PRICES. SAUD
ANNOUNCEMENT OF AN ADDITIONAL ONE MILLION B/D PRODUCTION
SURPRISED OTHER OPEC PRODUCERS AND HAD A RESTRAINING EFFE
THEM.
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* U.S. GOVERNMENT PRINTING OFFICE: 1979-289-344

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[redacted]M AMEMBASSY KUWAIT
[redacted]O RUEHC/SECSTATE WASHDC PRIORITY 4203
[redacted]NFO RUQMBI/AMEMBASSY ABU DHABI 4939
[redacted]UFHRS/AMEMBASSY ALGIERS 1031
[redacted]UEHAD/USINT BAGHDAD 807
[redacted]UFHBS/AMEMBASSY BRUSSELS 765
[redacted]UESRS/AMEMBASSY CARACAS 464
[redacted]UQMDH/AMCONSUL DHAHRAN 4060
[redacted]UQMOD/AMEMBASSY DOHA 2662
[redacted]UKOBT/AMEMBASSY JAKARTA 403
[redacted]UQMRA/AMEMBASSY JIDDA 6429
[redacted]UEHOS/AMEMBASSY LAGOS 426
[redacted]UFHLC/AMEMBASSY LIBREVILLE 278
[redacted]UDTC/AMEMBASSY LONDON 3585
[redacted]UQMAM/AMEMBASSY MANAMA 4011
[redacted]UQMMT/AMEMBASSY MUSCAT 2093
[redacted]UFNPS/AMEMBASSY PARIS 2273
[redacted]UESQI/AMEMBASSY QUITO 264
[redacted]TOMER/AMEMBASSY TEHRAN 4810
[redacted]UEHTO/AMEMBASSY TOKYO 650
[redacted]UQMTI/AMEMBASSY TRIPOLI 1333
[redacted]UFHAU/AMEMBASSY VIENNA 449
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C O N F I D E N T I A L SECTION 2 OF 2 KUWAIT 3817

[redacted]. TURNING TO KUWAITI MARKETING STRATEGY, EMBOFF ASKED ABOUT INTERNATIONAL HERALD TRIBUNE STORY OF AUGUST 9 REPORTING THAT KUWAIT PLANNED TO REDUCE THE AMOUNT OF SUPPLEMENTAL CRUDE AVAILABLE TO SHELL AND BP OVER AND ABOVE THEIR REGULAR CONTRACTED SUPPLIES. THOUGH HE HAD DENIED THE STORY THE DAY BEFORE IN THE LOCAL PRESS, SHAIKH ALI JABER WAS UNWILLING TO ADDRESS THE QUESTION OF REDUCED SUPPLEMENTAL ENTITLEMENTS. HE DID SAY THAT KUWAIT DEFINITELY PLANNED TO REDUCE GULF AND BP'S CONTRACT ENTITLEMENTS WHEN THEIR CONTRACTS EXPIRED IN MARCH OF 1980 (SHELL'S CONTRACT STILL HAS TWO MORE YEARS TO GO). AS SOON AS RAMADAN WAS OVER, THEY WOULD BE CALLED IN AND TOLD THAT THEIR OFF-TAKES WERE TO BE SEVERELY REDUCED UNDER ANY NEW FIVE-YEAR CONTRACTS BEGINNING IN APRIL 1980. KUWAIT WANTED TO REDUCE EACH OF THEM TO 150,000 B/D (PRESENT LEVELS ARE 500,000 B/D FOR GULF AND 450,000 B/D FOR BP). WHEN EMBOFF EXPRESSED SOME DISBELIEF THAT THE CUTBACK WOULD BE THAT LARGE, SHAIKH ALI JABER REPEATED THE 150,000 B/D FIGURE. (COMMENT: I THINK IT LIKELY SHAIKH ALI JABER MEANT TO DESCRIBE A REDUCTION OF 150,000 B/D RATHER THAN REDUCTION TO 150,000 B/D. END COMMENT).

KUWAIT ALSO PLANNED TO KEEP TOTAL OF LONG TERM CONTRACTS AT 1.5 MILLION B/D. ALL PRODUCTION OVER THAT LEVEL WOULD BE SO UNDER SHORT TERM CONTRACTS. THIS WOULD ALLOW KUWAIT TO ADJU ITS OUTPUT TO CHANGES IN WORLD DEMAND. KUWAIT ALSO WANTS TO DIVERSIFY ITS CUSTOMERS AND WOULD BE APPROACHING THE INDEPE TO SIGN CONTRACTS FOR THE CRUDE TAKEN FROM THE MAJORS. AS F GOVERNMENT-TO-GOVERNMENT SALES, KUWAIT PREFERRED NOT TO DEA DIRECTLY WITH GOVERNMENT OFFICIALS ON PURCHASES, BUT WAS HAPP TO DEAL ON A STRICTLY COMMERCIAL BASIS WITH STATE-OWNED OIL COMPANIES, SEVERAL OF WHICH WERE EXEMPLARY CUSTOMERS. THE FRENCH HAD COME IN TO DISCUSS POSSIBLE PURCHASES, BUT KUWAIT HAD NOT AGREED TO SELL ANYTHING TO THEM. AS FOR THE SPOT MARKET HE SAID THAT KUWAIT DID NOT NEED THE EXTRA MONEY THAT A MAJOR DIVERSION INTO SPOT SALES WOULD BRING AND USUALL WENT TO SPOT MARKET ONLY FOR POLITICAL REASONS OR TO TEST THE CURRENT STATE OF MARKET DEMAND. KUWAIT ALSO USED SPOT SALES AS A WAY OF TESTING THE RELIABILITY AND CREDIT OF POTENTIAL CONTRACT CUSTOMERS.

6. COMMENT. SHAIKH ALI JABER'S COMMENTS ON KUWAIT NEAR TERM PRODUCTION PLANS FIT WITH WHAT WE HAVE HEARD PREVIOUSLY FROM THE OIL MINISTER (REF A) AND FROM OTHERS. WHATEVER IS SAID PUBLICLY, KUWAIT IS UNLIKELY TO CUT ITS PRODUCTION UNTIL WORL DEMAND EASES SIGNIFICANTLY. IT IS CLEAR, HOWEVER, THAT KUWAIT WANTS TO DIVERSIFY ITS CONTRACT CUSTOMERS AND IS UNHAPPY WITH ITS DEPENDENCE ON THE MAJORS. FIGURE OF 150,000 B/D FOR GULF AND BP IS ALMOST ABSURDLY LOW (AS REPORTED REF C, GULF REP TOLD US THAT HE FELT GULF WOULD BE ASKED TO CUT BACK OFFTAKE BY 100-150,000 B/D TO JUST UNDER 400,000 B/D). SHAIKH ALI JABER WHO APPEARED TIRED, MAY WELL HAVE MEANT T THE TWO WOULD BE CUT BACK BY RPT BY 150,000 B/D RATHER THAN RPT TO 150,000. IN ANY EVENT, GULF AND BP ARE IN FOR SOME VER DIFFICULT NEGOTIATIONS IF THEY ARE TO MAINTAIN THEIR PRESENT OFFTAKE LEVELS. ALI KHALIFA'S PUBLIC REMARKS ABOUT THE NEED T CUT BACK KUWAITI PRODUCTION TO 1.5 MILLION B/D MAY BE A NEGOTIATING PLOY AIMED AT PRESSURING GULF AND BP TO ACCEPT CONTRACT REDUCTIONS. KUWAIT WISHES TO AVOID THE SITUATION OF SEVERAL YEARS AGO WHEN THE MAJORS DID NOT LIFT THEIR CONTR MINIMUMS FOR RELATIVELY LOW QUALITY KUWAITI CRUDE DURING A PERIOD OF ABUNDANT WORLD SUPPLY. IT APPARENTLY BELIEVES THAT BY HAVING A LARGE NUMBER OF "RESPONSIBLE" CUSTOMERS ON VARYI LENGTH CONTRACTS IT WILL HAVE ADDITIONAL FLEXIBILITY IN DECIDING FUTURE PRODUCTION PLANS. SUTHERLAND
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* U.S. GOVERNMENT PRINTING OFFICE: 1974-554-344

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[illegible]UGMBI/AMEMBASSY ABU DHABI 4840

[illegible]L/AMEMBASSY BONN 571

[illegible]S/AMEMBASSY BRUSSELS 767 ECON

[illegible]S/USINT BAGHDAD 811 CHG

[illegible]S/AMEMBASSY COPENHAGEN 837 POL

[illegible]S/AMEMBASSY CAIRO 2500 EEO CHRON

[illegible]S/AMEMBASSY DOHA 2664 RF

[illegible]S/AMEMBASSY DUBLIN 819

[illegible]A/AMEMBASSY JIDDA 6432

[illegible]/AMEMBASSY LONDON 3567

[illegible]S/AMEMBASSY LUXEMBOURG 618

[illegible]S/AMEMBASSY MANAMA 4013

[illegible]T/AMEMBASSY MUSCAT 2096

[illegible]S/AMEMBASSY PARIS 2275

[illegible]S/AMEMBASSY ROME 527

[illegible]S/AMEMBASSY TEHRAN 4811

[illegible]V/AMEMBASSY TEL AVIV 1203

[illegible]S/AMEMBASSY TRIPOLI 1335

[illegible]S/AMEMBASSY TOKYO 631

[illegible]S/AMEMBASSY THE HAGUE 144

[illegible]S/AMEMBASSY VIENNA 458

[illegible]A/USMISSION USNATO 824

C O N F I D E N T I A L SECTION 1 OF 2 KUWAIT 3853

[illegible]S ALSO FOR USEIC

ALSO FOR USDOCD

E.O. 12065: GDS 8/16/85 (SUTHERLAND, PETER A.) OR-M

TAGS: EINR, PEPR, EEC, OPEC, ZP, TC, FR, KU

SUBJECT: (C) EC-9/GULF ARAB DIALOG: DUTCH BRIEFING ON EC-9 AND GCC MTS

REF: (ENTIRE TEXT).

1. SUMMARY. DUTCH CHARGE IN KUWAIT (PORTECT) HAS JUST TRANSMITTED [illegible] TO GOM ON STATE OF PLAY IN EC-9/GULF ARAB TALKS PROPOSAL, [illegible] ON HIS OWN CONTACTS WITH GCC OFFICIALS AND DISCUSSIONS [illegible]ERE AUGUST 14 AMONG REPRESENTATIVES OF EC-9 NATIONS. AT [illegible]NITIATIVE HE BRIEFED ME ON AUGUST 15, ASKING THAT HIS ACTION [illegible] REVEALED TO EC-9 MEMBER GOVERNMENTS. SOME OF HIS [illegible]ING IS PROBABLY REDUNDANT, BUT OWING TO CONSIDERABLE INTEREST [illegible]JECT, I REPORT HIGHLIGHTS OF HIS ANALYSIS BELOW:

3. GOK FOREIGN MINISTRY OFFICIALS WHO WERE PRESENT AT TALKS [illegible] IN KUWAIT LAST DECEMBER BY FRENCH MINISTER PONCET [illegible] THAT PONCET PROPOSED A [illegible] PLAN/GULF [illegible] DIALOG. FRENCH AMBASSADOR TO KUWAIT FLATLY DENIED THIS TO HIS EC COLLEAGUES AUG 14. FRENCH AMB SAYS THAT "OUT OF THE BLUE" [illegible] D'ESTAING A JUNE [illegible] EXPRESSED DESIRE TO START "CONTINUING CONSULTATIONS ON ENERGY" WHICH COULD LEAD ON TO DISCUSSION OF ECONOMIC COOPERATION. STATES PROPOSED BY THE AMIR FOR INCLUSION WERE KUWAIT, IRAQ, SAUDI ARABIA, QATAR AND U.A.E. OMITTED WERE OMAN AND BAHRAIN, BUT LATTER WAS SUBSEQUENTLY ADDED (I GATHER BY COMMON CONSENT). AS OF AUG 14, EC-9 REPS IN KUWAIT FORESAW POSSIBILITY THAT [illegible] COULD VETO PARTICIPATION BY OMAN ON GROUNDS OF OMAN'S SUPP[illegible] FOR EGYPTIAN/ISRAELI TREATY.

4. THE FRENCH SUGGESTED A SEPTEMBER MINISTERIAL MEETING. GOK RESPONDED WITH SUGGESTION OF OCTOBER 15 MINISTERIAL, TO ALLO[illegible] TIME FOR GULF PARTICIPANTS TO GET THEIR THOUGHTS IN ORDER.

5. IRISH REPRESENTATIVES, REACTING TO CONFUSING REPORTS RE[illegible] DUBLIN ON NATURE OF PROPOSED TALKS, VISITED KUWAIT FROM JU[illegible] ABOUT AUGUST 8. DUTCH CHARGE CLAIMS THAT, ACCORDING TO THE[illegible] THE IRISH LEFT KUWAIT MISINFORMED ABOUT KUWAITI INTENTIONS, BECAUSE THEY HAD NOT SEEN THE RIGHT PEOPLE HERE.

6. ACCORDING TO DUTCH, GOK OIL MINISTER ALI KHALIFA SEES THE PROPOSED TALKS IN TERMS OF PROMOTING GULF ARAB INVOLVE[illegible] IN "DOWNSTREAM" PETROLEUM SECTOR ACTIVITY, THROUGH MARKET[illegible] OF PETROLEUM PRODUCTS AND PETROCHEMICALS. DUTCH CHARGE CITE[illegible] ALLEGED SURPLUS CAPACITY OF EUROPEAN REFINERIES AS VIRTUALLY[illegible] PRECLUDING ACCESS FOR GULF ARABS TO PRODUCT MARKET IN EUROPE[illegible] THE EUROPEANS, ACCORDING TO THIS ACCOUNT, ARE INTERESTED IN[illegible] LIMITING DISCUSSIONS TO MODALITIES FOR ACHIEVING BETTER INFO[illegible] MATION FLOW ON CRUDE PRODUCTION LEVELS, TO OBVIATE "UNPLE[illegible] SURPRISES." THEY REALIZE THAT OIL PRICING CANNOT BE DISCU[illegible] BECAUSE GULF ARABS ALONG CANNOT SPEAK FOR OPEC. (NOWHERE[illegible] TALK WITH DUTCH CHARGE DID SUBJECT ARISE OF EUROPEAN INTE[illegible] IN TALKING ABOUT INCREASED EUROPEAN EXPORTS INTO GULF.)
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FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 4224
INFO RUQMBI/AMEMBASSY ABU DHABI 4941
RUOL/AMEMBASSY BONN 572
RUBS/AMEMBASSY BRUSSELS 76[illegible]
RUAD/USINT BAGHDAD 812
RUFNQ/AMEMBASSY COPENHAGEN 03[illegible]
RUEG/AMEMBASSY CAIRO 2521
RUQD/AMEMBASSY DOHA 2665
RUDR/AMEMBASSY DUBLIN 020
RUJA/AMEMBASSY JIDDA 6433
RUC/AMEMBASSY LONDON 3568
RUPG/AMEMBASSY LUXEMBOURG 719
RUAM/AMEMBASSY MANAMA 4014
RUMT/AMEMBASSY MUSCAT 2097
RUPS/AMEMBASSY PARIS 2276
RUPO/AMEMBASSY ROME 528
RUHR/AMEMBASSY TEHRAN 4812
RUTV/AMEMBASSY TEL AVIV 1224
RUTI/AMEMBASSY TRIPOLI 1336
RUTO/AMEMBASSY TOKYO 652
RUEPQ/AMEMBASSY THE HAGUE 145
RUAU/AMEMBASSY VIENNA 451
RUMA/USMISSION USNATO 025

C O N F I D E N T I A L SECTION 2 OF 2 KUWAIT 3853

[illegible]E POSSIBLE POLITICAL CONTENT OF TALKS, FOREIGN MINISTRY
[illegible]FICIALS HAVE FLATLY DENIED TO DUTCH THAT KUWAITIS ENVISAGE
[illegible] POLITICAL DISCUSSION IN CONTEXT OF THESE TALKS. EC-9
[illegible]PRESENTATIVES ACKNOWLEDGE THAT ONCE TALKS ARE STARTED,
[illegible]SIBILITY OF ARABS RAISING POLITICAL ISSUES WILL BE EVER-
[illegible]SENT. "HAVING KICKED THE DOOR OPEN", SAID THE FRENCH AMB,
[illegible] WOULD THEN SIMPLY HAVE TO KICK IT SHUT AGAIN."

[illegible] PARTICIPATION BY THE EC AS AN ORGANIZATION POSES PROBLEMS
[illegible] THE ARAB SIDE. ON THE ONE HAND, THE GULF ARABS DO NOT
[illegible]RIST AN "ORGANIZATION" SUCH AS OPEC OR THE EC. IF THE EC
[illegible]OING TO BE A PARTICIPANT, PRESSURE WOULD BUILD TO CONVERT
[illegible] ARAB SIDE INTO AN ALL-OPEC, OR PERHAPS OAPEC, DELEGATION,
[illegible]F WOULD BRING IN CERTAIN ARAB STATES WHICH KUWAITIS WANT
[illegible]UDED. BUT IT MAY VERY WELL BE THAT AVOIDING INVOLVEMENT BY
[illegible]MISSIONER BRUNNER IS AN EVEN MORE IMPORTANT MOTIVE ON THE
[illegible], OR AT LEAST KUWAITI, SIDE: SHAIKH ALI KHALIFA HAS BEEN

QUOTED PRIVATELY RECENTLY AS SAYING THAT BRUNNER HAD INSULTED HIM THREE TIMES RUNNING, AND WOULD NOT GET ANOTHER CHANCE TO DO SO.

9. COMMENT: IT SEEMS TO US THAT THE PROPOSED DISCUSSIONS ARE ONLY AT A STAGE OF TALKING ABOUT WHAT MIGHT BE TALKED ABOUT, AND THAT A GOOD DEAL OF ENERGY IS GOING INTO ARGUING OVER WHO SHOULD OR SHOULD NOT BE INCLUDED BEFORE IT IS VERY CLEAR WHAT THE PURPOSE OF THE TALKS WOULD BE. THE PROPOSED FORUM DOES NOT STRIKE US AS ONE CONDUCIVE TO AGREEMENT TO GUARANTEE EITHER OIL SUPPLY VOLUMES OR PRICE LEVELS. EXPLORING THE POSSIBILITY OF DOWNSTREAM MARKETING OF ARAB PRODUCTS HAS BEEN ON THE AGENDA OF OAPEC FOR A LONG TIME BUT WE ARE NOT IN POSITION HERE TO ASSESS ITS PRACTICALITY. OUR IMPRESSION IS THAT THE GULF STATES HAVE NOT MANAGED TO COORDINATE AMONG THEMSELVES ON REFINED PRODUCT OR PETROCHEMICAL PRODUCTION, BUT THIS MIGHT NOT IMPEDE EXPLORATION OF MARKETING PROSPECTS IN EUROPE. IT IS CONCEIVABLE THAT EC-9 MEMBERS WILL BE LOOKING AT WAYS TO INCREASE THEIR SHARE OF GULF MARKETS FOR MANUFACTURED PRODUCTS AND PROJECT ACTIVITY, AN AREA IN WHICH U.S. INTERESTS STAND TO SUFFER AS A RESULT.

10. FURTHER COMMENT: WHILE WE HAVE SEEN ASSESSMENTS THAT THE GULF ARAB PARTICIPANTS IN SUCH TALKS WOULD INEVITABLY RAISE THE SUBJECT OF EUROPEAN SUPPORT FOR THE PALESTINIAN CAUSE, WE DO NOT THINK THIS IS THE CASE. THERE IS STRONG AND GROWING INTEREST AMONG THE ARABS IN OBTAINING A MORE ACTIVE AND SYMPATHETIC EUROPEAN INVOLVEMENT ON THE SIDE OF THE ARABS IN THE MIDDLE EAST CONFLICT, BUT THE KUWAITIS, AT LEAST, ARE MORE THAN CAPABLE OF LEAVING THEIR INTERESTS UNSTATED, TO BE UNDERSTOOD ONLY BY IMPLICATION WHILE THEY ENGAGE THE EC-9 PARTICIPANTS IN ENTIRELY NONPOLITICAL DISCUSSION OF FERTILIZER SALES AND DEVELOPMENT OF PETROLEUM RESERVES. SUTHERLAND

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[redacted]HAD/USINT BAGHDAD 831
[redacted]QMAM/AMEMBASSY MANAMA 4034
[redacted]QMMT/AMEMBASSY MUSCAT 2123
[redacted]QMHR/AMEMBASSY TEHLAN 4819

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[redacted]O N F I D E N T I A L KUWAIT 4208

[redacted]O. 12065: GDS 9/10/85 (CLUNAN, JAMES L.) OR-P
[redacted]AGS: PEPR, SOPH, IR, KU, BA, ZP
[redacted]BJ: (U) KUWAIT NEWSPAPER ATTACKS IRAN, DFENDS BAHRAIN

[redacted]FS: (A) KUWAIT 2807, (B) KUWAIT 2942

[redacted] (U) IN LONG FRONT PAGE SEPT 9 EDITORIAL ENTITLED "ARE THE [redacted]ABS AWAKE OR ASLEEP?" KUWAITI NEWSPAPER AL-ANBA' MAKES A [redacted]IRECT ATTACK ON IRAN AND PLACES ARAB LOYALTY AHEAD OF RELATIONS [redacted]ITH IRAN. IN REACTION TO RECENT STORIES THAT IRANIAN FIGURES [redacted]VE AGAIN ASSERTED IRANIAN DOMINION IN BAHRAIN, AL-ANBA' [redacted]ARNS IRAN AGAINST TRYING TO BUY ARAB SILENCE ON BAHRAIN BY [redacted]CLARING SUPPORT FOR PALESTINIAN CAUSE AND PROCLAIMING [redacted]LIGIOUS BROTHERHOOLD. AL-ANBA' DOES NOT USE THE PROVOCATIVE [redacted]RD "ARABISTAN", WHICH EXCITED IRANIAN DIPLOMATIC OBJECTIONS [redacted] FEW MONTHS AGO (REF A), BUT IT DOES MAKE A CLEAR REFERENCE [redacted] IT IN OBSERVATION THAT THERE ARE "USURPED ARAB LANDS [redacted]ICH ARE NOT THE VICTIMS OF ISRAELI AGGRESSION." SUMMARIZING, [redacted]E NEWSPAPER SAYS "WE DON'T WANT TO RECOVER THE MOTHER'S [redacted]NOR BY SACRIFICING THE HONOR OF A SISTER."

[redacted] (C) AL-ANBA', WHICH IS KNOWN TO BE PLIABLE TO PRINTING [redacted]EWS WHICH THE KUWAITI ESTABLISHMENT WISHES TO PUT FORWARD [redacted]THOUT FULL OFFICIAL BLESSING, HAS PREVIOUSLY PUBLISHED THINLY [redacted]ILED KUWAITI WARNINGS ABOUT IRANIAN BEHAVIOR TOWARD ARAB [redacted]OUNTRIES, SPECIFICALLY IRAQ AND BAHRAIN (REF B). KUWAITI LEADERS [redacted]NERALLY PREFER TO AVOID SEEING ITS MEDIA ENGAGE IN ATTACKS [redacted] OTHER COUNTRIES BUT WE JUDGE THAT THE BAHRAINIS HAVE BEEN [redacted]FFICIENTLY DISTURBED ABOUT IRANIAN REACTION TO THE BAHRAINI [redacted]EATMENT OF KHOMEINI'S JERUSALEM DAY THAT A GESTURE OF KUWAITI [redacted]ASSURANCE WAS NEEDED.

SUTHERLAND

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FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 4367
INFO RUQMBI/AMEMBASSY ABU DHABI 4870
RUFHRS/AMEMBASSY ALGIERS 1038
RUEHAD/USINT BAGHDAD 832
RUFHOL/AMEMBASSY BONN 575
RUFHBS/AMEMBASSY BRUSSELS 769
RUESRS/AMEMBASSY CARACAS 465
RUQMDH/AMCONSUL DHAHRAN 4072
RUQMOD/AMEMBASSY DOHA 2686
RUDKGPQ/AMEMBASSY THE HAGUE 146
RUKOBT/AMEMBASSY JAKARTA 404
RUQMRA/AMEMBASSY JIDDA 6454
RUEHOS/AMEMBASSY LAGOS 428
RUFHLC/AMEMBASSY LIBREVILLE 277
RUDTC/AMEMBASSY LONDON 3580
RUQMAM/AMEMBASSY MANAMA 4036
RUQMMT/AMEMBASSY MUSCAT 2125
RUDKSQN/AMEMBASSY OSLO 039
RUEHOT/AMEMBASSY OTTAWA 084
RUFNPS/AMEMBASSY PARIS 2282
RUESQI/AMEMBASSY QUITO 265
RUEHRO/AMEMBASSY ROME 531
RUDKFMQ/AMEMBASSY STOCKHOLM 044
RUQMHR/AMEMBASSY TEHRAN 4822
RUEHKO/AMEMBASSY TOKYO 653
RUQMTI/AMEMBASSY TRIPOLI 1343
RUFHAU/AMEMBASSY VIENNA 452
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C O N F I D E N T I A L KUWAIT 4244

E.O. 12065: GDS 9/11/84 (SUTHERLAND, PETER A.) OR-M
TAGS: ENRG, OPEC, KU
SUBJ: CRUDE OIL SPOT MARKET SALES

REF: (A) STATE 228164 (NOTAL), (B) KUWAIT 3532 (NOTAL).

1. (C-ENTIRE TEXT).

2. EMBOFFS CALLED ON SHEIKH ALI JABER AL ALI, ASSISTANT UNDERSECRETARY (A RECENT PROMOTION) AND CHAIRMAN OF THE OIL MARKETING COMMITTEE OF THE OIL MINISTRY TO MAKE DEMARCH REQUESTED REFTEL. AFTER HEARING THAT THE USG WAS PREPARED T DO ITS SHARE TO MODERATE THE SPOT MARKET, SHEIKH ALI JABER

* U.S. GOVERNMENT PRINTING OFFICE 1977 - 225-323

ED THAT US OIL FIRMS WERE STILL VERY ACTIVE IN PURCHASING
CARGOES. HE WENT ON TO SAY THAT WE SHOULD BE MAKING THIS
TO OUR FRIENDS THE NIGERIANS RATHER THAN TO KUWAIT,
ICH EMBOFF REPLIED THAT THE DEMARCHE WAS BEING MADE IN ALL
COUNTRIES.

ILE HE WAS MOST UNFORTHCOMING ABOUT CURRENT KUWAITI
VITIES IN THE SPOT MARKET, HIS DEFENSIVENESS ON THE
CT TENDS TO CONFIRM THAT KUWAIT IS MORE ACTIVE IN SPOT
THAN IT HAS BEEN IN THE PAST. WHILE HE AGREED WITH THE
NTION THAT OVERDEPENDANCE ON THE SPOT MARKET WAS HARMFUL
OTH PRODUCER AND CONSUMER, SHEIKH ALI JABER SAID THAT HE
SEE NO HARM IN OCCASIONAL SALES OF SPOT CARGOES. DEPARTMENT
RECALL THAT IN JULY MINISTER OF OIL INFORMED EMBASSY
CERS THAT KUWAIT SELLS EXTRA OIL ON THE SPOT MARKET.
REF. B)

URNING TO PRICE, SHEIKH ALI JABER NOTED THAT THE US WAS
D MUCH LESS BY PRICE INCREASES THAN WERE THE
INDUSTRIAL CONSUMERS (EUROPE AND JAPAN) WHO HAD TO
ALMOST ENTIRELY ON IMPORTS. HE WAS UNCONVINCED BY EMBOFFS'
CTION OF THE CONSEQUENCES OF OIL PRICE INCREASES IN THE
D STATES. HE CLAIMED THAT US SHOULD NOT BE CONCERNED
CTIVITIES WHICH (IN HIS VIEW) WOULD NOT SERIOUSLY HARM ITS
ESTS.

OMMENTS: THE REWARDS AVAILABLE ON THE SPOT MARKET ARE
RENTLY TOO TEMPTING FOR THE KUWATIS TO RESIST ENTIRELY,
GH WE DOUBT THEY ARE AMONG THE MAJOR OFFENDERS IN THIS
RD. IT IS UNLIKELY THAT KUWAIT WILL ABSTAIN FROM THE
MARKET UNTIL THERE IS SOME SLACK IN WORLD DEMAND
NTIL THE MAJOR OFFENDERS CAN BE BROUGHT AROUND. SUTHERLAND

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ZNY CCCCC ZZH
P R 1714442 SEP 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC PRIORITY 4398
INFO RUQMBI/AMEMBASSY ABU DHABI 4876
RUEHAD/USINT BAGHDAD 836
RUFHBS/AMEMBASSY BRUSSELS 771
RUQMDH/AMCONSUL DHAHRAN 4073
RUQMOD/AMEMBASSY DOHA 2691
RUQMRA/AMEMBASSY JIDDA 6459
RUDTC/AMEMBASSY LONDON 3585
RUQMAM/AMEMBASSY MANAMA 4042
RUQMMT/AMEMBASSY MUSCAT 2130
RUFNPS/AMEMBASSY PARIS 2286
RUQMHR/AMEMBASSY TEHRAN 4824
BT
C O N F I D E N T I A L KUWAIT 4321

E.O. 12065: GDS 9/15/84 (SUTHERLAND, PETER A.) OR-M
TAGS: ENRG, KU
SUBJ: KUWAIT'S OIL MINISTER ON PRODUCTIONLEVELS AND SPOT MARKET SALES

REF: KUWAIT 3532

1. (U) KUWAIT'S OIL MINISTER SHEIKH ALI KHALIFA AL-SABAH HAS ANNOUNCED PUBLICALLY FOR THE FIRST TIME THAT KUWAIT OIL PRODUCTION HAS BEEN EXCEEDING THE GOVERNMENT SET LIMIT OF 2 MILLION BARRELS A DAY. ACCORDING TO LOCAL COVERAGE SEPT 16 OF AN INTERVIEW PUBLISHED IN LONDON, ALI KHALIFA ADMITTED THAT KUWAITI PRODUCTION WAS AVERAGING ABOU MILLION B/D (PLUS ABOUT 300,000 BARRELS A DAY PRODUCED IN THE PARTITIONED ZONE AND NOT INCLUDED IN THE GOVERNMENT CEILING.) HOWEVER, HE DID NOT MAKE IT CLEAR THAT THIS HAS BEEN THE CASE SINCE THE BEGINNING OF THE YEAR. ALI KHALIFA WENT ON TO CLAIM THAT THE 2 MILLION B/D CEILING WAS BEING MAINTAINED AND THAT "SEASONAL FACTORS" WERE BEHIND EXTRA PRODUCTION. HIS SUDDED WILLINGNESS TO COME CLEAN AT LEAST PARTIALLY IN ADMITTING TO THE INCREASE FOLLOWING MANY MONTHS OF BLAND STATEMENTS IN THE PRESS BY GOK OFFICIALS (INCLUDING HIMSELF) THAT KUWAIT WAS NOT EXCEEDING ITS SELF IMPOSED PRODUCTION LIMITATIONS MAY HAVE BEEN FORCED BY THE ROUTINE PUBLICATION THIS MONTH OF THE LATEST CENTRAL BANK STATISTICAL BULLETIN WHICH GAVE PRODUCTION FIGURES FOR THE FIRST TWO MONTHS OF 1979.

(U) DURING THE INTERVIEW, ALI KHALIFA CONFIRMED THAT AIT WAS FOLLOWING THE LEAD OF OTHER PETROLEUM EXPORTERS CUTTING ITS CREDIT PERIOD FROM 60 TO 30 DAYS. HE O SAID THAT KUWAIT'S MAJOR CONTRACT OFF-TAKERS - SHELL, AND GULF - WERE BEING ASKED TO PAY SPOT MARKET PRICES OPTIONAL SALES OF CRUDE ABOVE THEIR CONTRACTED ONTS. HIS REMARKS CONSTITUTED THE FIRST PUBLIC ADMISSION HE GOK THAT KUWAIT WAS SELLING MORE THAN AN OCCASIONAL O OF CRUDE ON THE SPOT MARKET.

(C) COMMENT. THE QUESTION OF HIGH CRUDE PRODUCTION LS HAS BEEN A SENSITIVE SUBJECT IN KUWAIT WITH ERVATIONISTS AND WAS POLITICIZED BY ARAB NATIONAL- IN KUWAIT'S NATIONAL ASSEMBLY. ALI KHALIFA'S IRMATION THAT THE EXTRA OFF-TAKE IS BEING SOLD AT ER SPOT PRICES AND HIS CONTENTION THAT THE 2 ION B/D CEILING WILL BE MAINTAINED MAY TEMPER ICAL REACTION WITHIN KUWAIT, BUT HIS FAILURE TO SPECIFY THE OD TO WHICH THE 2 MILLION B/D CEILING APPLIES WILL NOT NOTICED. ALI KHALIFA HAS ASSURED THE EMBASSY THAT KUWAIT NOT CUT ITS PRODUCTIONUNTIL WORLD DEMAND EASES. (SEE) ASSUMING THAT THE GOK CONTINUES PRODUCTION AT PRESENT LS ALI KHALIFA WILL HAVE TO CONTINUE TO POINT TO SPECIAL ITIONS AS JUSTIFICATION FOR KUWAITI PRODUCTION FIGURES AS YEAR GOES ON. SUTHERLAND

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RR RUQMHR
DE RUQMKW #4345/1 2630730
ZNY SSSSS ZZH
R 191337Z SEP 79 001998
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 4413
INFO RUQMBI/AMEMBASSY ABU DHABI 4878
RUEHAD/USINT BAGHDAD 837
RUQMBE/AMEMBASSY BEIRUT 5618
RUEHEG/AMEMBASSY CAIRO 2518
RUEHDM/AMEMBASSY DAMASCUS 1724
RUQMDH/AMCONSUL DHAHRAN 4075
RUQMOD/AMEMBASSY DOHA 2692
RUQMRA/AMEMBASSY JIDDA 6461
RUDTC/AMEMBASSY LONDON 3586
RUQMAM/AMEMBASSY MANAMA 4046
RUQMMT/AMEMBASSY MUSCAT 2131
RUQMHR/AMEMBASSY TEHRAN 4825
RUSNAAA/USCINCEUR
BT
S E C R E T SECTION 1 OF 3 KUWAIT 4345

PO-
CHG
CHRON
ECON
RF

E.O. 12065: RDS 2 AND 4 9/19/09 (SUTHERLAND, PETER A) OR-M
TAGS: PINT, PINS, KU, IR
SUBJ: (C) IMPLICATIONS OF ARREST OF SHI'A AGITATOR

REFS: (A) 78 UUWAIT 6604, (B) KUWAIT 0926, (C) TDFIRDB-315/02855 79, (D) NQK-2618, (E) NQK-2619 (F) KUWAIT 3524 DTG 24JUL 1203Z

1. (C) SUMMARY: ARREST OF KUWAITI SHI'A FIGURE WHO HAS BEEN SEEKING TO AGITATE SHI'A IN KUWAIT HAS BEEN ACCOMPANIED BY STERN AND SOLEMN MINISTERIAL PRONOUNCEMENTS ABOUT THE INTERNAL SECURITY OF THE COUNTRY. CHARGES AGAINST ARRESTEE AL-MIHRI ARE SO TRIVIAL THAT ONE WONDERS WHAT ALL THE FUSS IS ABOUT. BUT, FIRST, THE KUWAITI AUTHORITIES HAVE NOT ANNOUNCED THE FULL RANGE OF AL-MIHRI'S AGITATION ACTIVITY. SECOND, AL-MIHRI HAS BEEN LINKED WITH A LONG-TIME POLITICAL OPPONENT OF THE KUWAITI REGIME. THIRD, AL-MIHRI HAS CHALLENGED THE NOTION THAT THE KUWAITI SOCIAL CONTRACT WHICH PROVIDES FOR OPEN DISCUSSION AND READY ACCESS TO THE RULER FOR ALL AND SUNDRY OPERATES SUCCESSFULLY AND WITHOUT DISCRIMINATION. MOST IMPORTANT HOWEVER IS THE PROSPECT THAT AL-MIHRI'S AGITATION FOCUSED ON GRIEVANCES AGAINST GOK WHICH HAVE SOME BASIS IN FACT, MAY BRING ABOUT THE UNIFICATION OF THE VERY DISPARATE SHI'A COMMUNITY IN KUWAIT INTO A SIGNLE GROUP WITH A COMMON LEADER AND COMMON CAUSE. THE KUWAITI LEADERSHIP IS BOUND TO BE UNCOMFORTABLE AT THE PROSPECT OF A SIZEABLE DOMESTIC MINORITY ACQUIRING SUCH NEW POLITICAL STRENGTH, ESPECIALLY IN VIEW OF THE POSSIBILITY THIS MINORITY MAY INCLINE TO FOLLOW THE DICTATES OF THE RELIGIOUS LEADERSHIP IN IRAN WHOSE INTENTIONS TOWARD THE ARAB REGIMES IN THE GULF REMAIN OBSCURE. END SUMMARY

(U) SEPT 9 ARREST AND CONTINUING DETENTION OF AHMAD AL-
RI, THE SON OF PROMINENT KUWAITI SHI'A CLERGYMAN AND MINOR
CHANT SHAIKH SAYYID ABBAS SAYYID HASAN AL-MIHRI, WAS
OUNCED SEPT 10 BY KUWAIT'S MINISTER OF INTERIOR, SHAIKH
WAF AL-AHMAD (A MEMBER OF THE RULING FAMILY). ANNOUNCEMENT
A DAY AFTER A STERN PUBLIC WARNING FROM THE CROWN PRINCE/
E MINISTER, SHAIKH SA'D AL-BDULLAH AL-SABAH, THAT HENCEFORTH
GOVERNMENT WOULD NOT BE LENIENT AND FLEXIBLE IN DEALING
K PERSONS WHO ENGAGE IN IRRESPONSIBLE BEHAVIOR "AIMED AT
ING KUWAITI CITIZENS LOSE CONFIDENCE IN THEIR GOVERNMENT."
KER, IT WOULD STRIKE ANYONE WHO EXPOSES THE STABILITY AND
URITY OF KUWAIT AND ITS CITIZENRY TO DANGER. IN ANNOUNCING
YOUNGER AL-MIHRI'S ARREST, SHAIKH NAWWAF REPEATED MUCH
THE GENERAL WARNING ISSUED BY THE PRIME MINISTER BUT SAID
Y LITTLE ABOUT THE SPECIFIC ACTIONS BY AL-MIHRI WHICH BROUGHT
UT THE ARREST, OTHER THAN CHARGE THAT
FAILED TO OBTAIN A PERMIT TO HOLD A POLITICAL MEETING AT
OF KUWAIT'S MOSQUES (THE HAJJI AL-SHA'BAN MOSQUE IN SHARQ, A
OMINATELY SHI'A NEIGHBORHOOD) EVEN AFTER POLICE OFFICIALS
ADVISED HIM OF THE NEED FOR SUCH PERMISSION AND HE HAD
ISED TO OBTAIN IT. THE ANNOUNCED CHARGE AGAINST AL-MIHRI'
SO TRIVIAL IN COMPARISON TO THE SOLEMN WARNINGS BY TWO
KUWAIT'S MOST IMPORTANT MINISTERS THAT ONE WONDERS WHAT
THE FUSS IS ABOUT.

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DE RUQMKW #4345/2 2630745
ZNY SSSSS ZZH
R 191337Z SEP 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 4414
INFO RUQMBI/AMEMBASSY ABU DHABI 4879
RUEHAD/USINT BAGHDAD 838
RUQMBE/AMEMBASSY BEIRUT 5619
RUEHEG/AMEMBASSY CAIRO 2519
RUEHDM/AMEMBASSY DAMASCUS 1725
RUQMDH/AMCONSUL DHAHRAN 4076
RUQMOD/AMEMBASSY DOHA 2693
RUQMRA/AMEMBASSY JIDDA 6462
RUDTC/AMEMBASSY LONDON 3587
RUQMAM/AMEMBASSY MANAMA 4047
RUQMMT/AMEMBASSY MUSCAT 2132
RUQMHR/AMEMBASSY TEHRAN 4826
RUSNAAA/USCINCEUR
BT
S E C R E T SECTION 2 OF 3 KUWAIT 4345

3. (S) THE RECENT ACTIVITIES OF THE MIHRIS GO BEYOND A SINGL MOSQUE SPEECH. SEVERAL HAVE BEEN MADE AND REPRODUCED ON CASS TAPES THAT HAVE BEEN SPREAD AROUND TOWN. THIS GIST OF AL-MIHR MESSAGES IS THAT KUWAITI SHI'A SHOULD BESTIR THEMSELVES ABOUT SUNNI DISCRIMINATION AGAINST SHI'A IN KUWAIT, S STATE OF AFFAIRS WHICH AL-MIHRI CLAIMS IS FOSTERED BY THE ESTABLISHED REGIME (REF D).

4. (C) AL-MIHRI'S AUDIENCE. AS WE HAVE REPORTED, THE SHI'A COMMUNITY IS DISPARATE AND DEFINITIONS ARE FUZZY (REF A). "KUWAITI SHI'A" AND SHI'AS IN KUWAIT" AND "IRANIANS IN KUWAIT" RE NOT SNYONYMOUS TERMS. ALL SHI'A HERE ARE NOT ETHNICALLY PERSIAN NOR DO THEY ALL COME FROM THE GEOGRAPHIC ENTITY NOW KNOWN AS IRAN. SOME CAME FROM IRAQ, OTHERS ARE PERSIANS AND ARABS FROM ACROSS THE GULF. SOMEOF THE LATTER EVEN REFER TO THEMSELVES AS "RETURNERS", CLAIMINNG THAT THEIR FOREBEARER ORIGINATED IN ARABIA AND WENT TO PERSIA AT SOME DISTANT TIME IN THE PAST, PERHAPS WITH THE ARAB ARMIES WHICH ISLAMICIZED IRAN A MILLENIUM AGO. THE TERMS "SHI'A" (OR "JA'AFARI" IN THE LOCAL VENACULAR) AND "IRANIAN" ARE OFTEN ERRONEOUSLY INTER-CHANGED EVEN BY KUWATIS, WHETHER SPEAKING OR KUWAITI CITIZEN ETHNIC ARABS, OR EXPATRIATES FROM ACROSS THE GULF. SHI'A (OR "IRANIANS") IN KUWAIT ARE FOUND HIGH AND LOW. IN ADDITION TO SEVERAL PROMINEMENT MERCHANT FAMILIES (QABAZARD, BEHBEHANI) THERE ARE OTHERS WHOSE MEMBERS HOLD IMPORTANT GOVERNMENT POSITIONS CLOSE TO THE AMIR AND IN THE CABINET. ALSO, PERHAPS 60,000 OF THE 200,000 SHI'A IN KUWAIT ARE EXPATRIATE IRANIANS, MOST OF WHOM ARE PORTERS, STREET CLEANERS, AND CONSTRUCTION WORKERS, HERE TO MAKE MONEY TO SUPPORT THEIR FAMILIES BACK IN IRAN. ALL IN ALL THEN, THE GROUPING WHICH MIGHT BE CALLED "SHI'A IN KUWAIT" OR "THE IRANINAS" IS SOMETH OF A FRUIT SALID. IT HAS NOT BEEN HOMOGENEOUS, NOR IN POLITICAL TERMS, HAS IT BEEN A UNIFIED BODY.

AMONG THE ISSUES CITED BY AL-MIHRI IN HIS PRUBLIC
ISSES ARE ELECTION PRACTICES WHICH PRODUCE UNDER-
ISENTATION OF SHI'A IN PARLIAMENT, MASS NATURALIZATION
UNNI BEDOUIN TO OFFSET SHI'A INFLUENCE, CORRESPONDING DENIAL
ITIZENSHIP TO SHI'A -- EVEN THOSE WHO HAVE LIVED MUCH LONGER
WAIT THAN THE BEDOUIN, HARASSMENT OF KUWAITI SHI'A BY A
E FORCE WHICH DOES NOTHING ABOUT THE INTELLIGENCE ACTIVITIES
REIGN EMBASSIES, LACK OF PUBLICITY OF SHI'A ACTIVITIES IN
T, GOVERNMENT REGULATIONS ALLOWING ONLY THE TEACHING OF
VERSION OF ISLAM IN PUBLIC SCHOOLS IN KUWAIT, AND LAX
UNEVEN APPLICATION OF SHARIA LAW. FINALLY, AL-MIHRI
RAGED A PROTEST MARCH ON SIEF PALACE (THE AMIR'S OFFICE),
HOWEVER, DID NOT TAKE PLACE.

) AL-MIHRI'S AGITATION, OSTENSIBLY AIMED AT RESOLVING
NAL PROBLEMS IN THE KUWAIT BODY POLITIC, IS IN THE EYES
E RULERS AND PROBABLY MOST KUWAITIS SIMPLY NOT THE WAY
TIS GO ABOUT SOLVING PROBLEMS. KUWAITIS HAVE A STRONG
IN THEIR SOCIETY AS A LARGE EXTENDED FAMILY WHERE
CULTIIES CAN BE DISCUSSED OPENLY, AND IF NECESSARY, BROUGHT
E ATTENTION OF THE AMIR. ASKED ABOUT THE SITUATION, ONE
R OF THE PROMINENT BEHBEHANI MERCHANT FAMILY OF IRANIZAN
N TOLD US THAT THE AFFAIR IS A "STORM IN A TEACUP!" "THEY
O SEE THE RULER" IF THEY HAVE GRIEVANCES. OTHER KUWAITIS,
AND SUNNI, REFLECT THIS VIEW.

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) WHILE THE KUWAITI AUTHORITIES NO DOUBT ARE OFFENDED THAT
CHOSE NOT TO FOLLOW THE TRADITIONAL KUWAITI WAY OF SOLVING
ANCES, THIS ALONE DOES NOT SEEM ENOUGH TO JUSTIFY THE SEVERE
TAKEN. A MORE SERIOUS POINT OF CONCERN IS THE ALLIANCE
UP BETWEEN AL-MIHRI AND DR. AHMAD AL-KHATIB, ONE-TIME
E OF THE RULING FAMILY, WHO HAS A LONG HISTORY OF
IST AND PAN ARAB OPPOSITION TO THE REGIME WHILE HE
MEMBER OF SUCCESSIVE KUWAITI NATIONAL ASSEMBLIES. AL-
'S ATTEMPT SEPT 10 OT ORGANIZE AN EARLY MORNING MARCH
TEST AL-MIHRI'S DETENTION WAS BROKEN UP BY POLICE.
WAS NOT ARRESTED, BUT HE WAS CALLED INTO THE MINISTER OF
IOR'S OFFICE ON SEPT 11 AND GIVEN A SEVERE WARNING TO
HIS EFFORTS TO GAIN AL-MIHRI'S RELEASE FROM CONFINEMENT,
S ACTIONS TO AGITATE SHI'A IN KUWAIT. FOR YEARS, THE
I AUTHORITIES HAVE RESTRAINED KHATIB AND OTHER
TIONISTS IN THIS FASHION, BUT WHY HAVE THEY SINGLED
-MIHRI FOR EVEN HARSHER ACTION?

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VV ESA626KWA154
RR RUQMHR
DE RUQMKW #4345/3 2630805
ZNY SSSSS ZZH
R 191337Z SEP 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 4415
INFO RUQMBI/AMEMBASSY ABU DHABI 4880
RUEHAD/USINT BAGHDAD 839
RUQMBE/AMEMBASSY BEIRUT 5620
RUEHEG/AMEMBASSY CAIRO 2520
RUEHDM/AMEMBASSY DAMASCUS 1726
RUQMDH/AMCONSUL DHAHRAN 4077
RUQMOD/AMEMBASSY DOHA 2694
RUQMRA/AMEMBASSY JIDDA 6463
RUDTC/AMEMBASSY LONDON 3588
RUQMAM/AMEMBASSY MANAMA 4048
RUQMMT/AMEMBASSY MUSCAT 2133
RUQMHR/AMEMBASSY TEHRAN 4827
RUSNAAA/USCINCEUR
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S E C R E T SECTION 3 OF 3 KUWAIT 4345

8. (C) ANNOUNCEMENT BY IRANIAN NEWS AGENCY PARS REPORTED IN KUWAITI PRESS SEPT 17 THAT AYATOLLAH MONTAZARI HAD OBJECTED TO OR "PROTESTED" AL-MIHRI'S ARREST DREW CAREFULLY WORDED STATEMENT BY KUWAITI GOVERNMENT SPOKESMAN WHO DISCOUNTED MONTAZARI'S STATEMENT AS THE PERSONAL VIEWS OF A CITIZEN IN IRAN. SPOKESMAN SAID THAT DEALINGS BETWEEN KUWAIT AND IRAN ARE CONDUCTED IN DIPLOMATIC CHANNELS WHICH ARE CLOSE AND WELL-ESTABLISHED, AS CONFIRMED BY THE GOODWILL VISIT PAID TO IRAN BY THE KUWAITI FOREIGN MINISTER IN JULY (REF F). MFA UNDERSECRETARY, RASHID AL-RASHID, TOOK SAME LINE SEPT 16 WITH CHARGE WHEN ASKED ABOUT THE AL-MIHRI AFFAIR. AL-RASHID TREATED IT STRICTLY AS AN INTERNAL MATTER WHICH WAS BEING PURSUED WITH CONFIDENCE BY THE KUWAITI AUTHORITIES AND WITHIN THE PROSPECTS OF KUWAITI LAW. ALTHOUGH HE ACKNOWLEDGED THAT THE POLITICAL SITUATION IN THE REGION IS BOUND TO PRODUCE ACTIVITIES SUCH AS THOSE OF AL-MIHRI, HE SAID IN RESPONSE TO CHARGE'S SPECIFIC QUESTION THAT HE HAD LESS CONCERN ABOUT THE STATE OF KUWAITI-IRANIAN RELATIONS NOW THAN HE DID SIX MONTHS AGO.

9. (C) COMMENT: DESPITE THESE BLANDISHMENTS, THE SWIFT AND DECISIVE NATURE OF KUWAITI ACTION LAST WEEK, SHOWS A VERY REAL CONCERN ABOUT THE ACTIVITIES OF AL-MIHRI. IT STRIKES US THAT WHAT CONCERS KUWAITI LEADERS, AND INDEED MOST KUWAITIS, IS THAT AL-MIHRI CHOSE NOT TO USE EXISTING KUWAITI GRIEVANCE PROCEDURES, BUT RATHER CHOSE THE PATH OF AGITATION, A COURSE WHICH HAS WROUGHT SO MUCH HAVOC IN IRAN AND WHICH POSES THE PROSPECT OF TURNING KUWAIT'S DISPARATE AND LARGELY CONTENT IRANIAN/SHI'A COMMUNITY INTO A HOMOGENEOUS, ACTIVE AND HOSTILE POLITICAL ENTITY. SO FAR THE POLITICAL LINK BETWEEN THE SHI'A IN KUWAIT AND KHOMEINI OR OTHER PROMINENT IRANIAN RELIGIOUS LEADERS HAS BEEN TENOUS. AL-MIHRI'S STATUS AS "KHOMEINI'S MAN N KUWAIT" HAS NOT BEEN SHOWN TO INVOLVE POLITICAL ACTION INSTRUCTIONS FROM THE AYATOLLAH TO AL-MIHRI. HOWEVER, ANY MOVEMENT WITHIN KUWAIT WHICH PROMISES TO BRING THE VARIOUS SHI'A ELEMENTS HERE TOGETHER UNDER THE RUBRIC OF SEEKING JUSTICE FOR THE SHI'A WITHIN THE KUWAIT SYSTEM WOULD BE DOUBLY TROUBLING TO THE KUWAITI LEADERSHIP IF INFLUENTIAL IRANIAN RELIGIOUS LEADERS CHOSE TO MAKE ACTIVE USE OF IT.
SUTHERLAND
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VV ESB015KWA667
RUQMHR
RUQMKW #4377 2661500
P CCCCC ZZH
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AMEMBASSY KUWAIT
RUEHC/SECSTATE WASHDC PRIORITY 4426
O RUQMBI/AMEMBASSY ABU DHABI 4881
AD/USINT BAGHDAD 943
OL/AMEMBASSY BONN 577
EG/AMEMBASSY CAIRO 2521
DM/AMEMBASSY DAMASCUS 1727
OD/AMEMBASSY DOHA 2696
C/AMEMBASSY LONDON 3589
AM/AMEMBASSY MANAMA 4049
T/AMEMBASSY MUSCAT 2134
RA/AMEMBASSY JIDDA 6464
NS/AMEMBASSY SANA 1419
ER/AMEMBASSY TEHRAN 4828
AAA/USCINCEUR
HAA/COMIDEASTFOR

N F I D E N T I A L KUWAIT 4377

12065: GDS 9/23/85 (CLUNAN, JAMES L.) OR-M
PINS, MARR, MASS, KU, ZP, US
(U) MINISTER DISTANCES KUWAIT FROM REGIONAL
RITY ALIGNMENTS

(A) BAGHDAD 1995, (B) MUSCAT 1680, (C) FBIS JN201026
79 (NOTAL)

C-ENTIRE TEXT).

ITH UNSEEMLY HASTE, KUWAIT HAS LINED UP WITH IRAQ IN
ING DOWN PARTICIPATION IN ANY JOINT REGIONAL
NGEMENTS FOR THE SECURITY OF THE GULF, AND SPECIFICALLY
THE STRAITS OF HORMUZ, THAT INCLUDES WESTERN NATIONS.
MENT MADE SEPT 21 BY DEFENSE MINISTER AND ACTING
IN MINISTER SHAIKH SALEM AL-SABAH, WHILE FAR
TEMPERATE AND MODERATE IN TONE THAN THE SEPT 20 ATTACK
ON PROPOSED OMANI "SECURITY PACT" BY THE IRAQI BA'ATH
ORGAN AL-THAWRA (REFS A AND C), LEAVES NO DOUBT
KUWAIT WANTS NO FORMAL REGIONAL SECURITY ARRANGEMENTS,
UTUAL SECURITY AFFILIATION WITH OUTSIDE POWERS. SHAIKH
SAID, ACCORDING TO LOCAL SEPT 22 ARABIC
NGLISH PRESS, "KUWAIT DOES NOT BELIEVE IN ALLIANCES OR
IN THE GULF AREA AND DOES NOT APPROVE OF THEM." HE
THAT "ALLIANCES BRING MORE HARM THAN GOOD FOR THE

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AREA AND ARE NOT IN ACCORDANCE WITH KUWAIT'S NON-ALIGNED POLI

3. COMMENT: THESE REMARKS BY THE DEFMIN/ACTING FORMIN ARE STANDARD KUWAITI BOILER PLATE. TIMING OF STATEMENT COMING SCARCELY A DAY AFTER AL-THAWRA INVITED ALL GULF STATES TO REJ AND CONDEMN OMANI PROPOSAL (REF C), SHOWS ACUTE KUWAITI SENSITIVITY TO IRAQI VIEWS. DESPITE ALL THE TO-ING AND FRO-ING BY LOWER GULF EMISSARIES IN RECENT WEEKS, APPARENTLY IN CONNECTION WITH A BAHRAINI INITIATIVE ON REGIONAL SECURITY, KUWAIT MADE NO OFFICIAL COMMENT ON THE MATTER UNTIL THE IRAQIS SPOKE. ALSO, NOTEWORTHY IS THE CAREFUL WORDING OF THE KUWAITI STATEMENT WHICH DOES NOT RPT NOT EXCLUDE COOPERATION AMONG GULF STATES WITH RESPECT TO INTERNAL SECURITY, A QUESTION OF SHARED CONCERN AMONG THE GULF ARAB STATES, AND IRAQ, IN LIGHT OF RECENT INSTANCES OF SHI'A AGITATION IN KUWAIT, BAHRAIN, AND THE UAE, AND SUPPORT THEROF IN THE PUBLIC PRONOUNCEMENTS OF VARIOUS AYATOLLAHS IN IRAN. FINALLY, THE KUWAITI DEFENSE MINISTER'S STATEMENT, FOR ALL ITS IMPLICIT REJECTION OF AN "ALLIANCE" INVOLVNG THE US, UK, FRG, OMAN AND GULF COUNTRIES, DOES NOT DENY KUWAIT'S MILITARY SUPPLY RELATIONSHIP WITH THE US AND OTHER WESTERN COUNTRIES. IRONICALLY, IT SEEMS AL-THAWRA TOOK OMAN'S RECENT EXPANSION OF ITS MILITARY SUPPLY RELATIONSHIP WITH SOME OF THESE SAME WESTERN COUNTRIES (TO THE TUNE OF DOLLARS 100 MILLION) AS EVIDENCE OF A SCHEME TO FORM AN ALLIANCE BETWEEN THE EST AND THE GULF STATES. SUTHERL

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MBASSY KUWAIT
HC/SECSTATE WASHDC PRIORITY 4454
RUQMBI/AMEMBASSY ABU DHABI 4885
D/USINT BAGHDAD 848
/AMEMBASSY BEIRUT 5623
/AMEMBASSY CAIRO 2524
/AMEMBASSY DAMASCUS 1731
/AMCONSUL DHAHRAN 4079
/AMEMBASSY DOHA 2700
/AMEMBASSY JIDDA 6471
AMEMBASSY LONDON 3592
/AMEMBASSY MANAMA 4053
/AMEMBASSY MUSCAT 2138
/AMEMBASSY TEHRAN 4829
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Pol Kuwait
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R E T SECTION 1 OF 3 KUWAIT 4457

12065: RDS 2 AND 4, 9/26/09 (SUTHERLAND, PETER A.) OR-M
08,, PINT, KU, IR
(C) AL-MIHRI SHI'A AGITATION CASE APPROACHING POSSIBLE
N BETWEEN GOK AND IRANIAN RELIGIONARIES

(A) KUWAIT 4345, (B) NQK-2624, (C) UUWAIT 1734
EVIOUS, (D) NQK 2625, (E) NQK 2626, (F) MANAMA 1927

SUMMARY. KUWAITI NEWSPAPER REPORTS THAT THE SHIA
HAN WHO HAS BEEN THE CENTRAL FIGURE IN RECENT SHI'A
ION IN KUWAIT WILL, ALONG WITH HIS FAMILY, BE
D OF HIS KUWAITI NATIONALITY AND THAT THREE OTHERS
NVOLVED IN THE AGITATION WILL HAVE THEIR PASSPORTS
AWN. REPORT HAS SOME EARMARKS OF A GOK TRIAL
, BUT COULD ALSO SIGNAL GOK INTENTION TO PAVE
Y FOR EXPULSION OF THE CLERGYMAN, ABBAS AL-MIHRI, IN
TO SEPARATE HIM FROM HIS POTENTIALLY DISSENDENT
TUENCY. PUBLIC REMINDER BY TEHRAN RADION THAT THIS
AN IS PERSONALLY APPOINTED BY KHOMEINI AS THE PRINCIPAL
PRAYER LEADER IN KUWAIT MAY CAUSE GOK TO HESITATE,
INTENSIFIED LOCAL SECURITY MEASURES AND EVIDENCE OF
LY SUPPORTIVE GESTURES BY NEIGHBORING ARAB GULF STATES
T THAT KUWAIT MAY TOUGH THIS ONE OUT. THE AL-MIHRI CASE
HOWEVER, BECOME THE FIRST DIRECT SHOWDOWN BETWEEN
NISM AND THE RULING FAMILY IN KUWAIT, WITH SERIOUS
ATIONS FOR UNREST IN KUWAIT. END SUMMARY.

2. (S) KUWAIT DAILY AL-QABAS REPORTS SEPT 25 THAT GOK HAS DECIDED TO WITHDRAW THE KUWAIT NATIONALITY OF ABBAS AL-MIHRI, A PROMINENT KUWAITI SHI'A CLERGYMAN AND MINOR MERCHANT, WHO HAS BEEN A KUWAITI CITIZEN SINCE HIS NATURALIZATION ABOUT SIX YEARS AGO. THIS ACTION HAS EFFECT OF WITHDRAWING CITIZEN FROM MEMBERS OF HIS FAMILY INCLUDING HIS SON, AHMAD ABBAS AL-MIHRI, WHO HAS BEEN UNDER DETENTION SINCE SEPT 8 FOR UNAUTH POLITICAL SPEECHES (REF A). THIS ACTION AGAINST THE AL-MIHRI FAMILY, WHICH PREVIOUSLY HELD IRANIAN NATIONALITY, HAS BEEN UNDER CONSIDERATION SINCE AT LEAST SEPT 19 (REF B).

3. (C) IN ACKNOWLEDGING SEPT 25 THE PROSPECT OF GOK ACTION AGAINST AL-MIHRI FAMILY, RELIABLE SOURCE IN AMIRI DIWAN ALS VERIFIED NEWSPAPER REPORT THAT PASSPORTS HAVE BEEN WITHDRAWN FROM DR. MOHAMMAD HUSAN NOSSAIR, ADNAN ABDUL SAMAD, AND KHALID KHALAF. INTERIOR MINISTRY SOURCE FURTHER CONFIRMED T EMBOFF SEPT 26 THAT AL-MIHRI NATIONALITY HAD BEEN REVOKED AND THREE PASSPORTS WITHDRAWN. ALL THREE ARE KUWAITIS OF SHI'A ANTECEDENTS AND HAVE BEEN ACTIVE PARTICIPANTS AS SPEE MAKERS AT THE HAJI SHA'BAN MOSQUE WHICH HAS SERVED AS THE L FOR AL-MIHRI'S AGITATION AGAINST THE GOK. NOSSAIR WAS UNTIL MAY ASSISTANT UNDERSECRETARY FOR ECONOMIC AFFAIRS IN THE MINISTRY OF OIL. ABDUL SAMAD ALSO HELD ASSISTANT UNDERSECRE RANK IN THE OIL MINISTRY WHEN HE SERVED AS DIRECTOR OF THE OFFICE OF THE MINISTER A FEW YEARS BACK. BOTH WERE APPOINTE WHEN ABDUL MUTALEB AL-KAZEMI, A LEADER OF ONE OF KUWAIT'S PROMINENT AND WEALTHY SHI'A MERCHANT FAMILIES, WAS MINISTER OF OIL. KHALID KHALAF, WHOSE FULL NAME IS KHALID AL-KHALAF AL-TELJI, HAS BEEN PRACTICING CRIMINAL LAW IN KUWAIT FOR TW YEARS AND, AS A NATIONAL ASSEMBLYMAN, WAS AN OUTSPOKENT CRITIC OF THE GOVERNMENT. EARLIER THIS YEAR, HE SERVED FREE-OF-CHARGE AS THE DEFENSE LAWYER IN A WELL-PUBLICIZED ADULTERY CASE INVOLVING AN UNMARRIED BRITISH/AMERICAN COUPL (REF C), AND IS CURRENTLY IN TOUCH WITH CONSUL ABOUT EDUCA TRAVEL TO THE UNITED STATES. ABOUT TEN YEARS AGO HE ALSO DI HALF-A-DOZEN-YOUNG MEN INVOLVED IN DISTRIBUTING SEDITIOUS LITERATURE AND PLACING BOMBS IN KUWAIT.
BT
#4457

WVV ESA248KWA550
RUQMHR
RUQMKW #4457/2 2701030
SSSSS ZZH
270920Z SEP 79
AMEMBASSY KUWAIT
RUEHC/SECSTATE WASHDC PRIORITY 4455
O RUQMBI/AMEMBASSY ABU DHABI 4886
HAD/USINT BAGHDAD 849
MBE/AMEMBASSY BEIRUT 5624
KEG/AMEMBASSY CAIRO 2525
HDM/AMEMBASSY DAMASCUS 1732
MDH/AMCONSUL DHAHRAN 4080
MOD/AMEMBASSY DOHA 2701
MRA/AMEMBASSY JIDDA 6472
TC/AMEMBASSY LONDON 3593
MAM/AMEMBASSY MANAMA 4054
MMT/AMEMBASSY MUSCAT 2139
MHR/AMEMBASSY TEHRAN 4830
NAAA/USCINCEUR

C R E T SECTION 2 OF 3 KUWAIT 4457

(U) IN A TELEGRAM PUBLISHED IN AL-QABAS SEPT 26, KHALAF
COMPLAINED THAT THE QABAS STORY WAS LIBELOUS AND THREATENED
T, BUT DID NOT DENY THAT THE PASSPORTS HAD BEEN SEIZED.
LYING, AL-QABAS (1) STUCK BY ITS STORY WITH RESPECT TO
SEIZURE OF KHALAF'S PASSPORT, WHICH IT SAID WAS CONFIRMED
VARIOUS SOURCES, (2) POINTED OUT THAT KHALAF DID NOT DENY
T HIS PASSPORT HAD BEEN SEIZED, AND (3) THREATENED TO COUNTER-
. AL-QABAS DID NOT EXPLICITLY REASSERT STORY ON ACTION
N BY GOK AGAINST AL-MIHRI.

(C) AL-QABAS HAS BEEN ONLY ARABIC PAPER TO REPORT POSPECTIVE
ACTION, WHICH LEADS US TO CONCLUDE THAT GOK IS ORCHESTRATING
SS TREATMENT, AND USING QABAS TO TEST IN ADVANCE THE REACTION
SUCH SEVERE MEASURES.

(C) MEASURES AGAINST AL-MIHRI DESCRIBED ARE QUITE SEVERE
N CONSIDERED AGAINST KUWAIT'S RECORD OF RELATIVE LENIENCY
TOLERATION OF DISSIDENCE. WITHDRAWAL OF CITIZENSHIP FROM
ELDER AL-MIHRI, EXTENDING AS IT WOULD TO THE REST OF HIS
ILY, RAISES A CONSTITUTIONAL QUESTION OF ATTAINDER (ART. 33
HE KUWAIT CONSTITUTION PROVIDES THAT "PENALTY IS PERSONAL").
O THE DENIAL OF CITIZENSHIP WITH ITS ATTENDANT RIGHTS -
DOM TO TRAVEL, PERSONAL LIBERTY, PROPERTY OWNERSHIP, ETC. -
OT A MEASURE WHICH GOK AS RESORTED TO WITH FREQUENCY, IF
.

7. (S) REPORTS OF ACTION AGAINST THESE SHIA PERSONALITIES COME AFTER SEVERAL DAYS OF HEIGHTENED INTERNAL SECURITY MEA IN KUWAIT. SRF HAS REPORTED (REFS D & E) MEASURES TO PREVEN THE ABOVANMED INDIVIDUALS FROM SPEAKING AT THE AL-SHA'BAN MOSQUE SEPT 22, AS WELL AS THE CANCELLATION OF POLICE LEAVE AND INCREASED ALERT POSTURE ON THE PART OF MILITARY FORCES, AND LIMITATIONS ON HOSPITAL ADMISSIONS. WE HAVE ALSO OBSERV AS A PART OF THE GENERAL TIGHTENING OF SECURITY POSTURE, TH THE STANDING NATIONAL GUARD DETACHMENTS POSTED AT VARIOUS INSTALLATIONS AROUND THE CITY, INCLUDING THE MINISTRY OF COMMUNICATIONS, THE EGYPTIAN INTERESTS SECTION, AND THE AME EMBASSY, ARE NOW BEING SUPERVISED BY A COMMISSIONED OFFICER RATHER THAN A NON-COMMISSIONED OFFICER, WHICH IS NORMALLY T CASE. (COMMENT. EMBASSY SECURITY COMMITTEE DOES NOT CONSID THE PRESENCE OF A NATIONAL GUARD OFFICER AT THE EMBASSY AS SIGNIFYING AN ENHANCED DANGER TO THE EMBASSY OR AMERICANS A THIS TIME.) ADDITIONALLY, KUWAIT AIR FORCE PERSONNEL HELD A STAND-UP ROLL CALL AT AHMAD AL-JABIR AIR BASE SOUTH OF THE CITY THIS WEEK FOR THE FIRST TIME IN MANY MONTHS. TAKEN TOGETHER ALL THE MEASURES SUGGEST A GOK DETERMINATION TO CRACK DOWN ON AGITATORS.

8. (C) INTERNAL SECURITY MEASURES HAVE BECOME SO GENERALLY KNOWN THAT THEY ARE TOPIC OF COCKTAIL CONVERSATION AND DAY OFFICE CHATTER, BUT THERE HAS BEEN NO MENTION OF THEM IN T MEDIA. THE WIDESPREAD KNOWLEDGE OF THE MEASURES HAS ALSO F RUMORS TO LOCAL "IRANIANS" ARMING THEMSELVES AND STORIES O ARMS BEING SMUGGLED INTO KUWAIT ACROSS THE BEACHES. THERE I OF YET NO INFORMATION WHATSOEVER TO CONNECT ARMS SMUGGLING WITH SHI'A ACTIVITY, INDEED WE UNDERSTAND THAT SHI'A RELIGI LEADERS HAVE ISSUED INSTRUCTIONS TO AVOID VILENCE (REF D). MOREOVER, SMUGGLING OF WEAPONS HAVE BEEN ENDEMIC IN THIS P OF THE WORLD FOR YEARS.

9. (C) AL-QABAS AND OTHER PAPERS ALSO REPORT SEPT 26 THAT PREVIOUS EVENING TEHRAN RADIO ANNOUNCED THAT KHOMEINI HAD APPOINTED AL-MIHRI TO BE THE PRINCIPAL FRIDAY PRAYER LEADE KUWAIT. ASKED ABOUT THIS NEWS, IRANIAN CHARGE GOLSHARIFI S BT
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VV ESA250KWA551
RUQMHR
RUQMKW #4457/3 2701040
Y SSSSS ZZH
R 270920Z SEP 79
AMEMBASSY KUWAIT
O RUEHC/SECSTATE WASHDC PRIORITY 4456
FO RUQMBI/AMEMBASSY ABU DHABI 4887
UEHAD/USINT BAGHAD 850
UQMBE/AMEMBASSY BEIRUT 5625
UEHEG/AMEMBASSY CAIRO 2526
UEHDM/AMEMBASSY DAMASCUS 1733
UQMDH/AMCONSUL DHAHRAN 4081
UQMOD/AMEMBASSY DOHA 2702
UQMRA/AMEMBASSY JIDDA 6473
UDTC/AMEMBASSY LONDON 3594
UQMAM/AMEMBASSY MANAMA 4055
UQMMT/AMEMBASSY MUSCAT 2140
UQMHR/AMEMBASSY TEHRAN 4831
USNAAA/USCINCEUR

E C R E T SECTION 3 OF 3 KUWAIT 4457

WSPAPERS HAD CORRECTLY REPORTED THE RADIO BROADCAST, WHICH
L SHARIFI HAD HEARD HIMSELF, BUT AADED THAT THE APPOINTMENT
AL-MIHRI TO THE DISTINGUISHED POSITION OF FRIDAY PRAYER
ADER WAS NOT A NEW ONE; HE HAD HELD THE POSITION FOR SOME
ME. (GOLSHARIFI DECLINED FURTHER COMMENT ON THE MATTER.)
E APPOINTMENT WAS MADE ACCORDING TO TEHRAN RADIO IN ORDER
MEET THE NEEDS OF SHI'A MUSLIMS IN KUWAIT. OUR AMIRI DIWAN
URCE ALSO TELLS US THAT THE ELDER AL-MIHRI WAS ENTRUSTED SOME
ME AGO TO COLLECT THE SHI'ITE VERSION OF TITHE (THE "FIFTH"
ALL INCOME DUE FROM THE SHI'ITE FAITHFUL) FOR TRANSMISSION
NAJAF IN IRAQ FOR ISLAMIC GOOD WORKS.

(C) FOLLOWING TYPING OF ABOVE TEXT, EMBASSY LEARNED
AT "AL-MIHRI FAMILY" HAS LEFT KUWAIT OR BEEN DEPORTED, BUT
CIFIC DETAILS ARE NOT AVAILABLE. STRIPPING THE AL-MIHRIS
KUWAITI CITIZENSHIP WAS A NECESSARY LEGAL PRELUDE TO THIS
USUAL ACTION BY THE GOK. IT IS NOT CLEAR WHETHER GOK WENT
EAD AND DEPORTED THE FAMILY AFTER LEARNING OF THE TEHRAN BROAD-
ST, WHICH CONSTITUTED AN IMPLIED THREAT THAT THE RELIGIOUS
TABLISHMENT IN IRAN WOULD ACT TO PROTECT AL-MIHRI FROM HARM.
SO, GOK WOULD SEEM TO HAVE BEEN BOLSTERED BY MUTUALLY
PPORTIVE GESTURES BY IRAQ AND OTHER ARAB GULF STATES OPPOSED
IRANIAN MEDDLING (REF F). THE BALL IS NOW IN IRANIAN HANDS,
OBSERVERS HERE WILL BE NERVOULY AWAITING AREACTION FROM
ANIAN SUPPORTERS OF THE DEPORTED KUWAITI SHI'A LEADER.
THERLAND

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VV ESA274KWA364 002671 90CT79 13 2

RR RUQMHR
DE RUQMKW #4627 2820900
ZNY CCCCC ZZH
R 080816Z OCT 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 4589
INFO RUEHIA/USICA WASHDC
RUQMBI/AMEMBASSY ABUDHABI 4892
RUEHAM/AMEMBASSY AMMAN 3159
RUEHAD/USINT BAGHDAD 857
RUEHEG/AMEMBASSY CAIRO 2532
RUEHDM/AMEMBASSY DAMASCUS 1742
RUQMOD/AMEMBASSY DOHA 2706
RUEHJM/AMCONSUL JERUSALEM 538
RUQMAM/AMEMBASSY MANAMA 4062
RUQMMT/AMEMBASSY MUSCAT 2147
RUQMRA/AMEMBASSY JIDDA 6485
RUEHTV/AMEMBASSY TEL AVIV 1219
RUQMHR/AMEMBASSY TEHRAN 4833
RUSNAAA/USCINCEUR
BT
C O N F I D E N T I A L KUWAIT 4627

POL
CHAN
ECON
RF
CHRON

CINCEUR ALSO FOR POLAD

E.O. 12065: GDS 10/9/85 (CLUNAN, JAMES L.) OR-M
TAGS: PEPR, SOPN, KU, IS, US, ZP
SUBJECT: (C) ALLEGATION THAT US QUICK REACTION FORCE WILL COOPERATE WITH ISRAEL

REF: STATE 260833 (NOT SENT CINCEUR)

1. (C) DEPT'S PROMPT GUIDANCE (REFTEL) ON ISRAELI NEWSPAPER ALLEGATION THAT USG IS COLLABORATING WITH ISRAEL ON LOGISTIC SUPPORT FOR US MILITARY QUICK REACTION FORCE DEPLOYMENT IN MIDDLE EAST WAS RECEIVED HERE MINUTES BEFORE SCHEDULED MEETING OF CHARGE WITH MFA UNDERSECRETARY RASHID AL-RASHID SUNDAY OCT 6, AND WAS MOST HELPFUL.

UNDERSECRETARY HAD BEEN THOROUGHLY UPSET BY STORY,
NTED IN KUWAIT DURING THE MUSLIM THURSDAY-FRIDAY WEEKEND.
NTED EITHER A PROMPT DENIAL OF ITS ACCURACY, OR AN
NATION OF HOW USG COULD HOPE FOR GOOD RELATIONS WITH
RAB GOVERNMENT IN THE FACE OF SUCH REVELATIONS. AFTER
DENIED ACCURACY OF THE STORY, READING FROM PRESS
NCE REFTEL, AL-RASHID CHARACTERIZED THE STORY AS PROBABLY
ICAL ISRAELI "DISINFORMATION" EFFORT AIMED AT DISCRE-
G USG IN ARAB EYES. AL-RASHID SAID HE INTENDED TO SEE
OUR DENIAL RECEIVED PROMPT COVERAGE IN KUWAIT MEDIA.

) UNDERSECRETARY LATER ISSUED PRESS RELEASE RECITING
CHARGE HAD DENIED TO HIM THE ISRAELI STORY. THIS
MENT, AND SEPARATE EMBASSY DENIAL FURNISHED TO PRESS
O, APPEARED IN ALL KUWAITI DAILIES OCT 7.

OU) HOSTILE BUT NONINFLUENTIAL ENGLISH-LANGUAGE DAILY
T TIMES EDITORIAL OCT 8 UNINTENTIONALLY HELPS THE
BY ASSERTION THAT THE ISRAELI NEWSPAPER STORY IS
USLY FALSE AND NOT WORTH DENYING. HOWEVER, EDITORIAL
ON TO SAY, REFERRING TO CHARGE SUTHERLAND, "IT WOULD HAVE
INTERESTING ... IF THE AMERICAN CAREER DIPLOMAT HERE WAS
D AS SAYING THAT THE 100,000 TROOPS STRIKE FORCE TO BE
YED IN THE GULF AREA TO PROTECT THE "VITAL UNITED
S OIL INTERESTS" IS THE PRODUCT OF NON-CREATIVE MEDIA
. THIS, OF COURSE, SUTHERLAND WAS NOT QUOTED AS SAYING,
HE 100,000 STRIKE FORCE IS STILL A WORKABLE IDEA BEING
WITH SOMEWHERE IN THE HIGHER ECHELONS OF THE AMERICAN
ISTRATION."

) COMMENT: EMBASSY AND PAO DO NOT THING IT USEFUL TO
TIMES' ATTENTION TO TRUE, PUBLISHED FACTS CONCERNING
D QUICK REACTION FORCE. WHILE IT IS UNFORTUNATE THAT
IN THE GULF AREA TENDS TO THINK OF THIS FORCE AS
ILY TARGETTED ON GULF OIL, AND THAT IT FAILS TO DIS-
ISH CONTINGENCY PLANNING FROM A FIRM INTENTION TO EMPLOY
, THERE IS LITTLE LIKELIHOOD OF CONVINCING NEWSMEN
ISE. WHAT IS SIGNIFICANT IS THAT A RESPONSIBLE KUWAITI
, MFA UNDERSECRETARY, EXPRESSED NO CONCERN TO US ABOUT
UICK REACTION FORCE ITSELF BUT ONLY ABOUT THE ALLEGATION
USG WOULD PLAN TO UTILIZE ISRAELI COOPERATION IN ACTION
ARABS. THE FACT OF OUR CONTINGENCY PLANNING FOR
ARY OPERATIONS TO PROTECT OUR NATIONAL INTERESTS IN THIS
AMONG OTHERS, IS KNOWN AND GENERALLY UNDERSTOOD, IF
IVERSALLY APPRECIATED. BUT SUGGESTION OF US MILITARY
ATION WITH ISRAEL AGAINST ARABS IN ANY CONTEXT IS MOST
L TO OUR IMAGE AS PEACEMAKERS WHO ARE GENUINELY SEEKING
ATION OF MODERATE ARABS IN [illegible] EFFORT TO ACHIEVE A
F OVERALL PEACE SETTLEMENT.

SUTHERLAND

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NNNNVV ESB120BRA955
PP RUQMHR
ZNY CCCCC ZOV RUEHCR
PP RUEHCR
DE RUEHC #5773 2840158
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O P 110112Z OCT 79
FM SECSTATE WASHDC
TO RUQMKW/AMEMBASSY KUWAIT IMMEDIATE 8613
ALL OECD CAPITALS
INFO RUQMRA/AMEMBASSY JIDDA PRIORITY 1608
RUQMBI/AMEMBASSY ABU DHABI PRIORITY 5228
RUEHCR/AMEMBASSY TEHRAN PRIORITY 4933
RUEHAD/USINT BAGHDAD PRIORITY 2260
RUQMOD/AMEMBASSY DOHA PRIORITY 0586
RUQMDH/AMCONSUL DHAHRAN PRIORITY 4132
RUQMYA/USLO RIYADH PRIORITY 2689
BT
C O N F I D E N T I A L STATE 265773

E.O. 12065: GDS(CALINGAERT, MICHAEL)

TAGS: ENRG, OPEC, KU

SUBJECT: KUWAIT OIL PRICE INCREASE

REF: STATE 264592 (NOTAL)

1. ENTIRE TEXT CONFIDENTIAL.

2. EMBASSY KUWAIT SHOULD SEEK AN EARLY OPPORTUNITY TO MAKE PRESENTATION TO APPROPRIATE GOK OFFICIALS ABOUT RECENTLY ANNOUNCED KUWAITI OIL PRICE INCREASE, MAKING IT CLEAR YOU ARE SPEAKING UNDER INSTRUCTIONS. EMBASSIES IN OECD COUNTRIES SHOULD INFORM APPROPRIATE HOST GOVERNMEN OFFICIALS OF OUR DEMARCHE AND, PARTICULARLY IN THOSE COUNTRIES WHICH ARE PURCHASERS OF CRUDE OIL FROM KUWAIT, -NCOURAGE THEM TO MAKE SIMILAR REPRESENTATIONS.

3. EMBASSY KUWAIT SHOULD DRAW UPON THE FOLLOWING POINTS:

— THIS OIL PRICE INCREASE IS NOT HELPFUL TO THE EFFORTS THE UNITED STATES IS MAKING TO ,UPPORT T;E DOLLAR, REDUCE INFLATION, AND PROMOTE A SOUND WORLD CONOMY.

— WE BELIEVE THESE GOALS ARE SHARED BY KUWAIT.

— THE UNITED STATES AND OTHER MAJOR OIL IMPORTING

☆ U.S. GOVERNMENT PRINTING OFFICE: 1979 - 201-825

A
N TIONS HAVE EMBARKED UPON DIFFICULT PROGRAMS TO REDUCE OIL IMPORTS, TO RESTRAIN OIL DEMAND, TO SPUR DEVELOPMENT OF ALTERNATE ENERGY SOURCES, AND TO INCREASE INDIGENOUS ENERGY PRODUCTION.

-- THESE PROGRAMS WILL TAKE TIME TO IMPLEMENT, AND REPRESENT A MAJOR INVESTMENT OF POLITICAL (AS WELL AS FINANCIAL) CAPITAL.

-- WE HOPE THE OIL EXPORTING NATIONS WILL SEE THAT IT IS IN THEIR OWN BROAD, LONG-RANGE INTERESTS TO DO THEIR PART IN MAINTAINING A HEALTHY, ORDERLY WORLD ECONOMY BY EXERCISING PRICE RESTRAINT AT THIS DIFFICULT PERIOD IN THE INTERNATIONAL OIL MARKET. VANCE
BT
#5773

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ATVV ESA114KWA930

RR RUQMHR
DE RUQMKW #4795/01 2901312
ZNY CCCCC ZZH
R 171301Z OCT 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 4551
INFO RUQMBI/AMEMBASSY ABU DHABI 4905
RUEHAD/USINT BAGHDAD 0865
RUQMDH/AMCONSUL DHAHRAN 4087
RUQMOD/AMEMBASSY DOHA 2715
RUQMRA/AMEMBASSY JIDDA 6496
RUDTC/AMEMBASSY LONDON 3602
RUQMYA/USLO RIYADH 0406
RUFNPS/AMEMBASSY PARIS 2294
RUQMHR/AMEMBASSY TEHRAN 4840
RUEHKO/AMEMBASSY TOKYP 0660
RHEGDOE/DEPT OF ENERGY WASHDC
BT
C O N F I D E N T I A L SECTION 01 OF 02 KUWAIT 4795

E.O. 12065: GDS 10/17/85 (SUTHERLAND, PETER A.) OR-M
TAGS: ENRG, KU
SUBJECT: (C) KUWAITI CRUDE PRODUCTION DECLINES

REF: (A) KUWAIT 4321, (B) KUWAIT 3290, (C) STATE 174376, (D) KUWAIT 4774.

1. CONFIDENTIAL ENTIRE TEXT.

2. SOURCE IN THE MINISTRY OF OIL (PROTECT) HAS PROVIDED US W KUWAITI CRUDE PRODUCTION FIGURES FOR JULY, AUGUST AND SEPTEM AFTER INCREASING SLIGHTLY (40,000 B/D) FROM JUNE TO JULY TO LEVEL OF 2.56 MILLION B/D, TOTAL KUWAITI PRODUCTION DROPPED SHARPLY BY ALMOST 200,000 B/D IN AUGUST. SEPTEMBER PRODUCTI INCREASED BY 100,000 B/D TO 2.46 MILLION B/D. FOR THE FIRST TIME THIS YEAR, TOTAL KUWAITI PRODUCTION IN SPETEMBER REPRES ED AN ACTUAL DECLINE FROM LEVELS REACHED IN THE SAME MONTH LAST YEAR. KUWAIT IS CLEARLY RESPONDING TO DECREASED MARKET PRESSURE BY CUTTING PRODUCTION TO A MORE COMFORTABLE LEVEL. EVEN SO, KUWAIT CONTINUES TO PRODUCE AT A LEVEL SIGNIFICANTL OVER THE 2 MILLION B/D CEILING FOR KUWAIT OIL COMPANY PRODU THAT WAS KUWAITI GOVERNMENT POLICY PRIOR TO THIS YEAR'S MAR DISRUPTIONS.

REAKDOWN OF ACTUAL PRODUCTION FUGURES IS AS FOLLOWS:

IT OIL COMPANY 2,279,972
IT'S SHARE OF PARTITIONED ZONE
UCTION:
A 82,292
IAN OIL COMPANY 198,255
TOTAL 2,560,519
L JULY PRODUCTION REPRESENTED A 31 PERCENT INCREASE FROM
OF LAST YEAR.

ST
IT OIL COMPANY 2,088,272
IT SHARE OF PARTITIONED ZONE
UCTION:
A 81,035
IAN OIL COMPANY 198,581
TOTAL 2,367,888
KOC AND WAFRA PRODUCTION DECLINED SLIGHTLY FROM AUGUST OF
YEAR. A 14 PERCENT INCREEASE IN ARABIAN OIL COMPANY PRO-
ION RESULTED IN AN OVERALL INCREASE OF .5 PERCENT FOR THE
H COMPARED TO LAST YEAR.

EMBER
IT OIL COMPANY 2,187,632
IT SHARE OF PARTITIONED ZONE
UCTION:
A 82,824
IAN OIL COMPANY 197,970
TOTAL 2,468,426
L PRODUCTION DECLINED BY 4.8 PERCENT COMPARED TO LAST YEAR,
ARGE PART ATTRIBUTABLE TO DECLINE IN KOC PRODUCTION.

VERAGE PRODUCTION FOR THE YEAR TO DATE IS AS FOLLOWS:
IT OIL COMPANY 2,257,984
IT SHARE OF PARTITIONED ZONE PRODUCTION:
A 84,366
IAN OIL COMPANY 205,880
TOTAL 2,548,230

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R 171301Z OCT 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 4552
INFO RUQMBI/AMEMBASSY ABU DHABI 4906
RUE AD/USINT BAGHDAD 0866
RUQMDH/AMCONSUL DHAHRAN 4088
RUQMOD/AMEMBASSY DOHA 2716
RUQMRA/AMEMBASSY JIDDA 7496
RUDTC/AMEMBASSY LONDON 3602
RUQMYA/USLO RIYADH 0406
RUFNPS/AMEMBASSY PARIS 2294
RUQMHR/AMEMBASSY TEHRAN 4841
RUEHKO/AMEMBASSY TOKYO 0661
RHEGDOE/DEPT OF ENERGY WASHDC
BT
C O N F I D E N T I A L SECTION 02 OF 02 KUWAIT 4795

5. OIL MINISTRY SOURCE, IN COMMENTING ON THESE FIGURES, CLA
THAT LAST AUGUST AND SEPTEMBER'S PRODUCTION WAS ABNORMALLY
HIGH FOR A NUMBER OF REASONS BU MOST ESPECIALLY DUE TO INCI
DEMAND BECAUSE OF GROWING NERVOUSNESS ABOUT IRAN. LAST OCT
PRODUCTION DROPPED SHARPLY TO ABOUT 2.1 MILLION B/D BEFORE
INCREASING TO THE VERY
HIGH LEVELS (2.6-2.7 MILLION B/D) THAT CHARACTERIZED THE
LAST TWO MONTHS OF LAST YEAR AND THE FIRST QUARTER OF THIS
YEAR.

6. COMMENT: IT IS CLEAR THAT THE KUWAITIS SEE WORLD MARKET
AS EASING SOMEWHAT AND THAT THEY ARE SLOWLY CUTTING BACK
THEIR PRODUCTION LEVELS AS THIS OCCURS. PRODUCTION FOR THE
STILL ABOUT 27 PERCENT OVER LAST YEAR AND WE DO NOT BELIEV
LIKELY THAT THE SHARP CUTBACKS THE KUWAITIS HAVE PUBLICALLY
TALKED ABOUT WILL OCCUR BEFORE THE BEGINNING OF NEXT YEAR.
KUWAITIS, WHO ARE RELATIVELY CAUTIOUS IN THEIR OIL POLICIES,
ARE UNLIKELY TO TAKE PRECIPITATE ACTIONS WHICH WOULD HAVE A
MAJOR DISRUPTIVE EFFECT
ON WORLD MARKET.
AS REPORTED (REF. D) OIL MINISTER SHEIKH ALI KHALIFA AL SABAH
HAS INDICATED THAT GOK IS LIKELY TO CUT PRODUCTION EARLY NEXT
ACCORDINGLY, WE WOULD NOT ANTICIPATE SIGNIFICANT CHANGES UNTI
THAT TIME.
SUTHERLAND
BT
#4795

ESA207KWA972
DTHR
ZNKW #4803/01 2911007
ZCCCC ZZH
P 2938Z OCT 79
EMBASSY KUWAIT
SECSTATE WASHDC PRIORITY 4559
KUOMBI/AMEMBASSY ABU DHABI 4904
S/AMEMBASSY ALGIERS 1042
L/AMEMBASSY BONN 0583
S/AMEMBASSY BRUSSELS 0777
D/USINT BAGHDAD 0867
NQ/AMEMBASSY COPNEHAGEN 0042
G/AMEMBASSY CAIRO 2535
D/AMEMBASSY DOHA 2717
/AMEMBASSY ZUBLIN 0025
A/AMEMBASSY JIDDA 6499
/AMEMBASSY LONDON 3604
/AMEMBASSY LUXEMBOURG 0023
M/AMEMBASSY MANAMA 4070
T/AMEMBASSY MUSCAT 2154
S/AMEMBASSY PARIS 2296
O/AMEMBASSY ROME 0538
N/AMEMBASSY TEHRAN 4842
V/AMEMBASSY TEL AVIV 1222
I/AMEMBASSY TRIPOLI 1348
/AMEMBASSY TOKYO 0662
Q/AMEMBASSY THE HAGUE 0150
U/AMEMBASSY VIENNA 0456
A/USMISSION USNATO 0026

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LCON
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POL
RF
CHRON

F I D E N T I A L SECTION 01 F 02 KUWAIT 4803

LS ALSO FOR USEEC
ALSO FORUSOECD

065: GDS 10/17/85 (SUTHERLAND , PETER A.) OR-M
ENRG, EEC, KU, PEPR, OPEC
: (C) GULF-EC DIALOGUE AND "OIL AS A WEAPON"

A) KUWAIT 3749 (NOTAL), (B) KUWAIT 3853 (NOTAL),
C) MANAMA 1957 (NOTAL), (D) ABU DHABI 8384 (NOTAL),
E) KUWAIT 4774 (NOTAL).

NTIRE TEXT).

MARY: OIL MINISTER ALI KHALIFA INFORMED CHANRGE THAT THE
D EC/GULF/ARAB DIALOGUE WILL FOCUS ON ECONOMIC COOPERATION
N THE TWO SIDES. HE DENIED THAT SPECIAL OIL SUPPLY RELA-
IPS WOULD RESULT, AND THAT THE GULF ARABS WOULD PRESSURE
STATES TO TAKE A MORE FAVORABLE POSITION TOWARD THE PLO.
R DISCLAIMED INTEREST IN USE OF OIL AS WEAPON TO ACHIEVE
CAL GOALS. END SUMMARY.

3. DURING OCTOBER 16 CALL ON OIL MINISTER SHAIKH ALI KHALIF
AL-SABAH TO DISCUSS GOK OIL PRICING AND PRODUCTION POLICIE
(REF. C), CHARGE ASKED HIS VIEWS ON THE LIKELY AGENDA FOR
PROPOSED EC-GULF ARAB DIALOGUE. ALI KHALIFA REPOLIED THAT
ENERGY SUPPLY WILL NOT BE THE BASIC ISSUE BUT RATHER ECONO
COOPERATION BETWEEN COUNTRIES OF THE EC AND OF THE GULF. H
EXPECTS TECHINICAL AID, FOREIGN INVESTMENT, TRADE AND A MU
STRATEGY TOWARD ASSISTING THE NON-OIL PRODUCING THIRD WORL
BE TYPICAL SUBJECTS OF DISCUSSION.

4. CHARGE EXPLAINED THAT USG GENERALLY FAVORS THE CONCEPT
IMPOROVED DIALOGUE BETWEEN PRODUCERS AND CONSUMERS. HOWEVE
HE NOTED THAT SOME OBSERVERS BELIEVE THAT THE GULF ARABS M
OFFER A SPECIAL SUPPLY RELATIONSHIP TO THE EUROPEANS IN EX
FOR EUROPEAN MOVEMENT TOWARD THE ARAB
POSITION ON THE PALESTINE ISSUE. ALI KHALIFA RESPONDED THA
EXPECTS NO MOVEMENT TOWARD A SPECIAL SUPPLY RELATIONSHIP.
COUNTIRES SUCH AS FRANCE WHICH ARE ARRANGING GOVERNMENT TO
GOVERNMENT SUPPLY AGREEMENTS CAN DO SO BETTER BILATERALLY
THROUGH SUCH A LARGE MEETING. NOR DOES HE EXPECT THE PALES
QUESTION TO BE DISCUSSED. THE MEETINGS WILL TAKE
PLASE BETWEEN ECONOMIC EXPERTS WHO ARE NOT QUALIFIED TO SP
ON POLITICAL QUESTIONS. IN ANY CASE HE SEES NO ROLE FOR OI
A POLITICAL WEAPON. THE IRAQIS, WHO PUBLICALLY ESPOUSE SUC
ROLE, HAVE INCREASED OIL PRODUCTION 70 PERCENT THIS YEAR,
SAID, AND THUS, CANNOT BE TAKEN SERIOUSLY AS WIELDERS OF A
OIL WEAPON.

BT
#4803

VV ESA212KWA973
RUQMHR
RUQMKW #4803/02 2911020
Y CCCCC ZZH
R 180938Z OCT 79
AMEMBASSY KUWAIT
RUEHC/SECSTATE WASHDC PRIORITY 4556
FO RUQMBI/AMEMBASSY ABU DHABI 4909
FHRS/AMEMBASSY ALGIERS 1043
FHOL/AMEMBASSY BONN 0584
FHBS/AMEMBASSY BRUSSELS 0778
HAD/USINT BAGHDAD 0868
DKPNQ/AMEMBASSY COPENHAGEN 0043
HEG/AMEMBASSY CAIRO 2536
QMOD/AMEMBASSY DOHA 2718
FHDB/AMEMBASSY DUBLIN 0026
QMRA/AMEMBASSY JIDDA 6500
DTC/AMEMBASSY LONDON 3605
FHBG/AMEMBASSY LUXEMBOURG 0024
QMAM/AMEMBASSY MANAMA 4071
QMMT/AMEMBASSY MUSCAT 2155
FNPS/AMEMBASSY PARIS 2297
HRO/AMEMBASSY ROME 0539
QMHR/AMEMBASSY TEHRAN 4843
HTV/AMEMBASSY TEL AVIV 1223
QMTI/AMEMBASSY TRIPOLI 1349
HKO/AMEMBASSY TOKYO 0663
DKGPQ/AMEMBASSY THE HAGUE 0151
FHAU/AMEMBASSY VIENNA 0457
FKNA/USIMISSION USNATO 0027

N F I D E N T I A L SECTION 02 OF 02 KUWAIT 4803

A WORKING COMMITTEE FORMED AT THE TAIF, SAUDI ARABIA MINI-
RIAL MEETING SEPTEMBER 23, MET AT THE KUWAITI OIL MINISTRY
OBER 15 TO PREPARE A DRAFT AGENDA FOR THE EC/GULF/ARAB DIALOGUE.
DRAFT AGENDA WILL BE CONSIDERED BY GULF ARAB MINISTERS AT
EETING IN NOVEMBER. ALI KHALIFA TOLD CHARGE OCTOBER 16 THAT
COULD NOT COMMENT IN DETAIL ON THE DIALOGUE UNTIL THE AGENDA
OMMENDATIONS HAD EMERGED FROM THE COMMITTEE, WHICH HAD NOT
PENDED AS OF OCTOBER 17. PRESS REPORTS OCTOBER 17 ABOUT THE
MITTEE'S WORK ARE ALL SPECULATIVE, AND VARY AS TO POSSIBLE
ITICAL CONTENT OF THE PROPOSED AGENDA.
KHALIFA ALSO TOLD CHARGE THAT NOT TARGET DATE HAD YET BEEN
D FOR A FIRST MEETING OF GULF ARAG AND EC COUNTRY REPRE-

6. COMMENT: ALI KHALIFA'S DENIAL OF A ROLE FOR "OIL AS A WEAPON" PARTICULARLY STRUCK US. THE PREVIOUS EVENING A CLOSE CONFIDANT OF THE OIL MINISTER HAD BEEN DUSCUSSING THE FUTURE OF THE MIDDLE EAST CONFLICT WITH CHARGE, AND WENT OUT OF HIS WAY TO CONFIDE THAT ALI KHALIFA,
FOR ONE, SAW NO ROLE FOR THE USE OF OIL TO THREATEN OR PUNISH THE WEST. HE COMMENTED THAT JUST AS ALI KHALIFA SAW IT AS AGAINST KUWAIT'S INTEREST TO USE OIL IN THIS MANNER, SO THE US AND OTHERS SHOULD NOT EXPECT ALI KHALIFA TO RESPOND WITH AN ALTERED, MORE "GENEROUS" OIL POLICY IN EXCHANGE FOR AMERICAN POLITICAL CONCESSIONS IN THE MIDDLE EAST. ALI KHALIFA SIMPLY KEEPS OIL AND POLITICS IN SEPARATE COMPARTMENTS, UNLIKE SAUDI ARABIA, HE SAID. THESE REMARKS REINFORCE EMBASSY'S COMMENT (PARA 10, KUWAIT 3853) THAT KUWAITIS MIGHT WELL TRY TO AVOID INSERTING ANY EXPLICIT POLITICAL REFERENCES INTO ECONOMICALLY USEFUL DISCUSSIONS WITH MEMBER OF EC-9. THE FACTS OF LIFE-- RATHER THAN ANY AGENDA FOR A CONFERENCE-- DICTATE THAT LINKAG EXISTS BETWEEN THE MIDDLE EAST CRISIS AND THE OIL SUPPLY SITU BECAUSE SO AMNY OF THE PARTIES CONCERNED
HAVE STRONG NATIONAL INTERESTS IN BOTH SITUATIONS. THE MINI REMARKS ABOUT THE IRAQI POSITION -- IN ESSENCE, THAT THE IR TALK BIG AND ACT SMALL -- REMINDS US OF THE FACT THAT JAPAN TRADE MINISTER ESAKI, ON HIS GULF SWING EARLIER THIS YEAR, WAS UNMERCIFULLY BADGERED IN BUSINESS-MINDED KUWAIT OVER JAPA AMBIGUOUS PALESTINE POLICY; WHILE THE IDEOLOGICALLY HARD-LINING IRAQIS APPARENTLY TREATED HIM AS A WELCOME GUEST AND T NOTHING BUT BUSINESS WITH HIM.
SUTHERLAND
BT
#4803

VV ESA443KWA697
UQMHR
UQMKW #4975/01 3040950
SSSSS ZZH
5 12Z OCT 79
MEMBASSY KUWAIT
EHC/SECSTATE WASHDC 4622
RUQMBI/AMEMBASSY ABU DHABI 4929
AM/AMEMBASSY AMMAN 3165
AD/USINT BAGHDAD 882
BE/AMEMBASSY BEIRUT 5638
EG/AMEMBASSY CAIRO 2541
DM/AMEMBASSY DAMASCUS 1748
OD/AMEMBASSY DOHA 2733
RA/AMEMBASSY JIDDA 6516
C/AMEMBASSY LONDON 3612
AM/AMEMBASSY MANAMA 4084
MO/AMEMBASSY MOSCOW 433
MT/AMEMBASSY MUSCAT 2166
PS/AMEMBASSY PARIS 2303
NS/AMEMBASSY SANA 1438
HR/AMEMBASSY TEHRAN 4851
KR/AMEMBASSY TUNIS 765
OD/AMEMBASSY DOHA 2733

003440

POL

CHARGE
ECON
RF
CHRON

C R E T SECTION 1 OF 2 KUWAIT 4975

12065: RDS-1 10/30/89 (DICKMAN, FRANCOIS M.) OR-M
: PINS, PINT, MPOL, ENRG, KU
CT: (U) KUWAIT FOREIGN MINISTER ON CURRENT ISSUES, AVOIDS CONDEMNING CDA

(A) FBIS LONDON 281614Z OCT 79, (B) MUSCAT 1919, (C) JIDDA 7442

C) SUMMARY: IN RECENT MEETING WITH KUWAITI EDITORS, IGN MINISTER HAS DEFENDED OIL PRICE INCREASE, FAVORED NSION OF ARAB SUMMIT AGENDA BEYOND THE SINGLE ISSUE EBANON, REVEALED KUWAIT MEDIATION BETWEEN OMAN AND , REITERATED KUWAIT'S "HOPE" THAT PDRY WILL RESOLVE ITS ERENCES WITH OMAN AND SAUDI ARABIA ESPECIALLY IN THE WAKE ECENTLY-SIGNED SOVIET-PDRY AGREEMENT, AND DOWNPLAYED 'S EXCLUSION FROM RECENT GULF FOREIGN MINISTERS CON-NCE AT TA'IF. THE INTRODUCTION OF FOREIGN FORCES INTO THE ON IS AGAIN "REJECTED" AND RECENT TALK OF THREATS TO STRAITS OF HORMUZ AND THE OIL FIELDS OF THE GULF IS ISSED AS IMPLAUSIBLE. FOREIGN MINISTER ALSO ACKNOWLEDGES SION OF OPINION AMONG GULF OIL PRODUCERS ABOUT INTRO-ION OF POLITICAL QUESTIONS INTO DIALOGUE WITH EC. PERHAPS NOTABLE POINT ABOUT FONMIN SPEECH IS ABSENCE OF ANY ENCE TO CAMP DAVID PEACE PROCESS OR TO THREE PARTNERS IN. END SUMMARY.

2. (U) BEFORE FLYING OFF FOR A WEEK'S HOLIDAY IN SOMALIA, KUWAIT DEPUTY PM/FOREIGN MINISTER SHAIKH SABAH AL AHMAD MET WITH KUWAIT'S CHIEF EDITORS FOR THE FIRST TIME SINCE HIS DEPARTURE ON VACATION LAST AUGUST. RESULTING MEDIA REPORTS ON THIS SESSION (SUMMARIZED IN REF A) WHICH BEGAN TO APPEAR ON OCTOBER 28, INDICATE THAT THE FONMIN TOUCHED ON MANY OF MAJOR ~~FOREIGN POLICY ISSUES FACING KUWAIT EXCEPT~~ FOR THE MIDDLE EAST PEACE PROCESS. MISSING WAS SHAIKH SABAH'S HAVANA LANGUAGE WHERE HE REMINDED EVERYONE OF KUWAIT'S PARTICIPATION IN THE BAGHDAD SUMMIT AND HIS MILDER BUT STILL NEGATIVE ALLUSION TO CDA IN HIS UNGA ADDRESS (REF A).

3. (U) OIL PRICES. MINISTER OPENED BY DEFENDING RECENT OIL PRICE INCREASE IN STANDARD FASHION BY PUTTING ALL BLAME ON INDUSTRIALIZED COUNTRIES FOR THEIR FAILURE TO CONTROL INFLATION, WHILE REMINDING LISTENERS THAT OIL WAS KUWAIT'S ONLY SIGNIFICANT SOURCE OF REVENUE FOR FUTURE GENERATIONS AND WAS A NON-RENEWABLE RESOURCE.

4. (C) GULF AND PENINSULA SECURITY. ALTHOUGH FONMIN DID NOT EXPLICITLY CONFIRM THAT PDRY HAD SOLICITED KUWAITI MEDIATION WITH OMAN (REF B), HE DID REVEAL THAT KUWAIT HAD BEEN IN CONTACT WITH BOTH COUNTRIES TO REACH A FORMULA BETWEEN THE TWO BASED ON RESPECT FOR EACH OTHER'S SOVEREIGNTY. HE HOPED GOOD RESULTS WOULD EMERGE AFTER THE EID AL ADHA HOLIDAYS. FONMIN ALSO HOPED PDRY PRESIDENT ISMAIL WOULD VISIT SAUDI ARABIA TO SETTLE OUTSTANDING ISSUES, A VISIT WHICH HE THOUGHT WOULD BE USEFUL IN LIGHT OF OCTOBER 25 USSR-PDRY FRIENDSHIP TREATY. HE AGAIN TOOK OCCASION TO DISMISS FOR UMPTEENTH TIME "AMERICAN ACCUSATIONS" THAT PALESTINIAN RESISTANCE MOVEMENT MIGHT TRY TO BLOCK HORMUZ STRAITS AS WELL AS PROPOSALS TO INTRODUCE FOREIGN FORCES INTO THE GULF REGION. GULF RIPARIANS HAD JUST AS MUCH AN INTEREST IN ASSURING FREEDOM OF PASSAGE THROUGH STRAITS AS INDUSTRIALIZED COUNTRIES AND "DEFENSE OF REGION WAS THE SOLE RESPONSIBILITY OF THE GULF POWERS." THIS WAS AS CLOSE AS POSSIBLE TO A PUBLIC REJECTION OF OMAN'S RECENT HORMUZ SECURITY PROPOSAL.
BT
#4975

VV ESA447KWA701
GMHR
UCNKW #4975/02 3040950
SSSS ZZH
512Z OCT 79
EMBASSY KUWAIT
EHC/SECSTATE WASHDC 4623
RUQMBI/AMEMBASSY ABU DHABI
AM/AMEMBASSY AMMAN 3166
AD/USINT BAGHDAD 883
BE/AMEMBASSY BEIRUT 5639
RG/AMEMBASSY CAIRO 2542
MM/AMEMBASSY DAMASCUS 1749
OD/AMEMBASSY DOHA 2734
A/AMEMBASSY JIDDA 6517
C/AMEMBASSY LONDON 3613
AN/AMEMBASSY MANAMA 4085
O/AMEMBASSY MOSCOW 434
T/AMEMBASSY MUSCAT 2167
PS/AMEMBASSY PARIS 2304
NS/AMEMBASSY SANA 1439
HR/AMEMBASSY TEHRAN 4852
KR/AMEMBASSY TUNIS 766

C R E T SECTION 2 OF 2 KUWAIT 4975

(C) ARAB SUMMIT. IN CONFIRMING THAT IT WAS
DULED FOR NOVEMBER 20, FONMIN EXPRESSED PREFER-
FOR AN AGENDA NOT CONFINED TO LEBANESE ISSUE.
PREFERENCE REFLECTS PREVIOUS INDICATIONS FROM
IGN MINISTRY (KUWAIT 4824) THAT DECISIONS REACHED
AGHDAD SUMMIT A YEAR AGO WOULD PROVIDE FRAMEWORK
TUNIS SUMMIT. AT SAME TIME, FONMIN'S GENERALIZED
RKS DO NOT COMMIT KUWAIT TO AN AGENDA WHICH
IVES CAMPAIGN AGAINST EGYPT AND CDA BEGUN AT BAGHDAD.

(C) TAIF CONFERENCE OF GULF FOREIGN MINISTERS.
IN AVOIDED DIVULGING MUCH OF SUBSTANCE BUT DID
AL INTERESTING THOUGHT THAT FONMINS HAD DISCUSSED
SAL TO ESTABLISH A FEDERATION TO BE CALLED "THE
UNITED STATES", WHICH WOULD ENTAIL COOPERATION
COORDINATION IN A NUMBER OF DOMAINS INCLUDING OIL
UCTION AND MARKETING. HE DID MAKE IT OBVIOUS THAT
IT WAS WELL AWARE OF IRAQI SENSITIVITIES ABOUT THE
FERENCE. HE REMARKED THAT REASON FOR HIS OCTOBER 20
TO BAGHDAD HAD BEEN TO BRIEF SADDAM HUSSEIN ON "THE GULF
T WORK WITHOUT IRAQ AND IRAQ CANNOT WORK WITHOUT
ULF".

7. (U) GULF EC DIALOGUE. THOUGH NOT MENTIONED IN REF A, FONMIN TOUCHED ON EC DIALOGUE WITH GULF COUNTRIES ADMITTING THAT GULF OIL MINISTERS MEETING IN TAIF LAST SEPTEMBER HAD BEEN IN DISAGREEMENT OVER INCLUSION OF POLITICAL ISSUES, SPECIFICALLY PALESTINIAN ISSUE.

8. (S) COMMENT: TIME DID NOT PERMIT TO TALK MUCH ABOUT FONMIN'S BAGHDAD VISIT DURING MY OCTOBER 23 MEETING TO PRESENT COPIES OF LETTERS OF CREDENCE. SECURITY OF GULF, HOWEVER, WAS VERY MUCH ON HIS MIND SINCE HE USED OCCASION TO MAKE SAME POINTS NOTED IN PARA 4. SINCE THEN, HAVE RECEIVED INTERESTING COMMENTARY FROM FRENCH AMBASSADOR BLOUIN WHO SAID THAT WHILE SAUDIS WERE WILLING TO HAVE IRAQIS PARTICIPATE AT OCTOBER 16 TAIF MEETING, IT WAS KUWAIT WHICH OBJECTED. KUWAITIS FEARED THAT IF IRAQ INCLUDED, MEETING WOULD HAVE ANTI-IRANIAN CAST. AT SAME TIME, KUWAIT WAS FEARFUL THAT IRAQIS WOULD VIEW TAIF MEETING AS DIRECTED AGAINST IRAQ. SO AS SOON AS MEETING CONCLUDED, SHAIKH SABAH HAD GONE TO BAGHDAD TO ALLAY ANY SUCH FEAR. BLOUIN ALSO SAID THAT GULF/EC DIALOGUE AT MOMENT IS MAKING NO PROGRESS BECAUSE (A) KUWAITIS HAD NOT CAREFULLY THOUGHT THROUGH WHAT DIALOGUE MIGHT CONSIST OF; (B) IRAQIS HAVE BEEN INSISTING THAT THEY AND ALL OTHER ARAB OIL PRODUCERS BE INCLUDED IN ANY DIALOGUE, WHICH SHOULD DEAL WITH POLITICAL AS WELL AS ECONOMIC ISSUES; AND (C) SAUDI RELUCTANCE TO GET INVOLVED AT ALL IN THIS INITIATIVE.

9. (U) FURTHER COMMENT: FONMIN'S STATEMENT HAS SINCE STIMULATED ARTICLE WHICH APPEARED IN OCTOBER 29 AS-SIYASSAH WHICH FORECASTS ISMAIL VISIT TO RIYADH TO DELIVER MESSAGE FROM BREZHNEV TO SAUDI LEADERSHIP. ARTICLE ALSO ALLEGES SAUDIS HAVE GRANTED OVERFLIGHT RIGHTS TO AEROFLOT, BUSINESS RELATIONS BETWEEN SOVIET STATE COMPANIES AND SAUDI MERCHANTS ARE UNDERWAY, AND SOVIET MEDIA HAS COMMENTED FAVORABLY ON SAG POLITICAL AND OIL MATTERS. END COMMENTS.

EICKMAN

BT
#4975

Fse 2-2

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GGLPNVV ESA807KWA335
RUQMHR
RUQMKW #4887/01 2970716
Y CCCCC ZZH
240542Z OCT 79
AMEMBASSY KUWAIT
RUEHC/SECSTATE WASHDC 4586
FO RUQMBI/AMEMBASSY ABU DHABI 4922
EHAD/USINT BAGHDAD 0876
QMDH/AMCONSUL DHAHRAN 4094
QMOD/AMEMBASSY DOHA 2726
QMRA/AMEMBASSY JIDDA 6510
DIC/AMEMBASSY LONDON 3610
FNPS/AMEMBASSY PARIS 2301
EHUL/AMEMBASSY SEOUL 0165
QMHR/AMEMBASSY TEHRAN 4847

ECON

CHRGE
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CHRON

O N F I D E N T I A L SECTION 01 OF 02 KUWAIT 4887

NDIS

OECD

O. 12065: GDS 10/23/85 (SUTHERLAND, PETER A.) OR-M
GS: ENRG, KU
BJECT: KUWAIT TO CUT BACK ON MAJORS' CRUDE OIL CONTRACTS

F: (A) KUWAIT 3817, (B) KUWAIT 2975.

(C-ENTIRE TEXT.)

SUMMARY: REFTELS DISCUSS REPORTED KUWAITI PLANS TO
DUCE CRUDE OIL PRODUCTION IN 1980, AND THE IMPACT THIS
DUCTION WILL HAVE ON GULF OIL CO. AND BRITISH PETROLEUM
NTRACT RENEWALS EFFECTIVE APRIL 1, 1980. EMBASSY EARLIER
SESSED GOK STATEMENTS OF INTENTION TO REDUCE KUWAIT OIL
PRODUCTION CEILING FROM PRESENT, OFFICIAL TWO MILLION
D PRODUCTION TO 1.5 MILLION B/D AS AT
AST IN PART PRE-NEGOTIATION BLUSTER DESIGNED TO SOFTEM
GULF OIL AND BP FOR SIGNIFICANT REDUCTIONS IN THEIR
FTAKE UNDER NEW CONTRACTS. EMBASSY URGED (REF. B) THAT
BE PREPARED TO BACK GULF OIL IN INSISTING THAT GOK
GN NEW LONG TERM CONTRACT PERMITTING OFFTAKE OF AT LEAST
0,000 B/D, A FIGURE UNDERTAKEN BY GOK AS PART OF THE SETTLE-
NT WHEN GOK NATIONALIZED GULF'S INTEREST IN WHAT IS
KUWAIT OIL COMPANY. THE PICTURE SEEMS TO HAVE CHANGED:
IS NOW QUITE SERIOUS, AS WE HAVE REPORTED, ABOUT WANTING
CUT ITS TOTAL PRODUCTION BY ABOUT ONE QUARTER, WHILE, ON
OTHER HAND, GULF OIL SEEMS TO BE RECONCILED TO TAKING A
AMATIC CUT IN ITS CONTRACT ALLOWABLES. UNLESS GOK
GHENS ITS POSITION STILL FURTHER, AND GULF ASKS FOR HELP,
NOW FORESEE LITTLE ROLE FOR USG IN THE UPCOMING NEGOTIA-
NS. END SUMMARY.

3. UNDER GULF'S PRESENT CONTRACT IT CAN LIFT UP TO 550,000 B/D. GULF REP. ANDERSON (PROTECT CAREFULLY) TOLD US OCTOBER 16 THAT GULF NOW DOES NOT INTEND TO INSIST ON A FOLLOW-UP CONTRACT, EFFECTIVE APRIL 1, 1980, WITH A BASE OFFTAKE PERMITTED OF 400,000 B/D, AS CALLED FOR BY GULF'S PRESENT CONTRACT AND BY THE KUWAIT OIL COMPANY NATIONALIZATION AGREEMENT OF 1975. AT PRESENT, HE SAID, GOK OIL MINISTER SHAIKH ALI KHALIFA IS TALKING ABOUT OFFERING GULF BETWEEN 150,000 AND 200,000 B/D FOR THE NEW CONTRACT AND ANDERSON THINKS GULF WILL SETTLE IN THAT RANGE.

4. DRASTIC AS APPEARS TO BE THE CUT FROM 550,000 UNDER THE PRESENT CONTRACT TO 200,000 B/D ANDERSON SAID THE CITUATION IS NOT THAT CRITICAL. GULF REQUIRES ONLY 250,000 B/D OF KUWAITI CRUDE TO SUPPLY ITS OWN SYSTEM, AND 150,000 B/D FOR THE KOREAN REFINERIES JOINTLY OWNED BY GULF AND THE KOREAN GOVERNMENT. UNDER PRESENT PLANS WHEREBY GULF DIVESTS ITSELF OF HALF ITS PRESENT 50 PERCENT EQUITY IN THE KOREAN REFINING COMPANY, AND KUWAIT ACQUIRES AN OWNERSHIP SHARE OF TWELVE AND A HALT PERCENT, KUWAIT WOULD SUPPLY THE 150,000 B/D DIRECTLY TO KOREA, RELIEVING GULF OF THIS RESPONSIBILITY. ADDITINALLY, GULF WOULD GIVE UP SUPPLYING KUWAITI CRUDE TO THIRD PARTIES, AS IT HAS DONE IN PAST, IN LINE WITH PRESENT KUWAITI MARKETING POLICY. THE GAP, THEREFORE,BETWEEN THE KUWAITI BARGAINING POSITION AND GULF'S PROJECTED NEEDS IS ONLY THE DIFFERENCE BETWEEN ALI KHALIFA'S PROPOSED 150,000 - 200,000 B/D AND GULF'S REQUIREMENT OF 250,000 B/D.
BT
#4887

VV ESA809KWA336
UQMHR
UQMKW #4887/02 2970737
CCCCC ZZH
0542Z OCT 79
MEMBASSY KUWAIT
UEHC/SECSTATE WASHDC 4587
RUQMBI/AMEMBASSY ABU DHABI 4923
AD/USINT BAGHDAD 0877
DH/AMCONSUL DHAHRAN 4095
OD/AMEMBASSY DOHA 2727
RA/AMEMBASSY JIDDA 6511
C/AMEMBASSY LONDON 3611
PS/AMEMBASSY PARIS 2302
L/AMEMBASSY SEOUL 0166
NR/AMEMBASSY TEHRAN 4848

N F I D E N T I A L SECTION 02 OF 02 KUWAIT 4887

IS

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NDERSON EXPRESSED CONCERN, HOWEVER, THAT THE KUWAITIS
DRIVE A VERY HARD BARGAIN(AS THEY ARE ACCUSTOMED TO
IN TERMS OF PERIPHERAL ADVANTAGES. THUS ANDERSON FEARS
MAY TRY TO EXTRACT A SIGNATURE BONUS AS SOME OTHER
UCERS ARE DOING. THE ULTIMATE, AND
CEPTABLE, KUWAITI EFFORT WOULD BE TO IMPOSE THE
BOYCOTT LANGUAGE NOW BEING INSERTED IN IRAQI
Y CONTRACTS. (COMMENT: NEITHER ANDERSON NOR EMBASSY
AD ANY INDICATION THAT EITHER OF THESE DEMANDS IS
CONSIDERED BY GOK. END COMMENT.)

NDERSON EXPRESSLY ASKED THAT THE EMBASSY NOT, REPEAT
INTERVENE ON TIS BEHALF. HE SAID THAT TIMES HAVE
ED SINCE THE 500,000 B/D FOLLOW-ON
ACT WAS ENVISAGED, AND THAT GULF BELIEVES LEANING ON
ON THIS POINT WOULD BE COUNTER-PRODUCTIVE.

OMMENT: ANDERSON'S REMARKS CONFIRM THE ACCURACY OF
WE FOUND SOMEWHAT DIFFICULT TO ACCPET AT FACE VALUE
MONTHS AGO--THAT GOK DOES INTEND DEEP CUTS
IN TOTAL PRODUCTION AND IN AMOUNTS ALLOWED THE MAJOR
KERS. IT IS UNFORTUNATE, PERHAPS, THAT SHELL HAS A
ACT WHICH RUNS TO OCTOBER 1981 PERMITTING THE COMPANY
FT 405,000 B/D, WHILE THE ORIGINAL KUWAIT OIL CO,
S, GULF AND WE PRESUME BP ARE DESTINED TO BE
O HALF THAT AMOUNT OR LESS NEXT APRIL. BUT UNLESS
LATER INFORMS US OF NEW NEGOTIATING PROBLEMS, OR
S THE SPECTRE OF TOUGH NEW BOYCOTT PROVISIONS ARISES,
SY FORESEES LITTLE ROLE FOR USG SUPPORT FOR GULF IN THE
IATIONS BETWEEN NOW AND MARCH 31.
AN

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RR RUQMHR
DE RUQMKW #4886/01 2970639
ZNY CCCCC ZZH
R 240542Z OCT 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 4584
INFO RUQMBI/AMEMBASSY ABU DHABI 4920
RUEHAD/USINT BAGHDAD 0874
RUQMDH/AMCONSUL DHAHRAN 4092
RUQMOD/AMEMBASSY DOHA 2724
RUQMRA/AMEMBASSY JIDDA 6508
RUQMAMXMAMEMBASSY MANAMA 4076
RUQMMT/AMEMBASSY MUSCAT 2161
RUQMHR/AMEMBASSY TEHRAN 4845
BT
C O N F I D E N T I A L SECTION 01 OF 02 KUWAIT 4886

E.O. 12065: GDS 10/23/85 (SUTHERLAND, PETER) OR-M
TAGS: ENRG, KU
SUBJECT: (U) KUWAITI OIL MARKETING POLICY AND PRACTICE

REF: (A) KUWAIT 4321, (B) KUWAIT 4244, (C) KUWAIT 3817, (D) KUWAIT 3532, (E) KUWAIT 2975.

1. (C-ENTIRE TEXT).

2. SUMMARY: GULF OIL REP. (PROTECT) STATES KUWAIT OIL MINISTRY IS CURRENTLY MEETING ITS CONTACTUAL AGREEMENTS RE SUPPLY AND PRICE. HE DOES NOT BELIEVE KUWAIT HAS GONE HEAVILY INTO THE SPOT MARKET, OR THAT IT IS PERMITTING PRIVATE PROFITS TO BE MADE THERE. HE DESCRIBES KUWAITI POLICY AS AIMED AT BYPASSING SUPPLIERS TO THIRD PARTIES AND AT INCREASING THE VOLUME OF KUWAITI CRUDE SOLD DIRECTLY BY GOK TO THE REFINERS. END SUMMARY.

3. SYD ANDERSON, LOCALLY BASED REPRESENTATIVE OF GULF OIL COMPANY (PROTECT), PROVIDED EMBASSY OCTOBER 16 WITH INSIGHTS INTO KUWAIT'S PRESENT OIL MARKETING POLICY AND PRACTICE, AS FOLLOWS:

IN CONTRAST TO SOME OTHER PRODUCERS, KUWAIT IS PRE-
LY MEETING ALL ITS COMMITMENTS TO SUPPLY CRUDE OIL
ULL, AT ANNOUNCED PRICES. GULF, FOR EXAMPLE, WHICH IS
ITLED UNDER ITS CONTRACT TO 500,000 B/D PLUS AN
ITIONAL 50,000 B/D AS DESIRED, IS BEING ALLOWED TO LIFT
ENTIRE 550,000 AT CONTRACT PRICES. LIFTINGS ABOVE THE
,000 LEVEL ARE POSSIBLE BUT ONLY IN KUWAITI BOTTOMS
AT SPOT PRICES. EARLIER THIS YEAR KUWAIT OFFERED
THREE MAJOR OFFTAKERS, GULF, BP AND SHELL, ADDITIONAL
DE UP TO 40,000 B/D EACH ON THESE TERMS. GULF DECLINED
OFFER AS UNECONOMIC, BUT ANDERSON INDERSTANDS SHELL
BP ACCEPTED SOME SHIPMENTS.

IT IS GULF REP'S FEELING THAT KUWAIT IS NOT MARKETING
K CRUDE OIL ON THE SPOT MARKET. UNLIKE 1978 ALL LONG
CONTRACT PURCHASERS HAVE BEEN TAKING THE MAXIMUM AMOUNT
Y CAN UNDER THEIR CONTRACTS. LOCAL REFINERIES ARE ALSO
OPERATING AT FULL CAPCITY. THESE TWO FACTORS MEAN THAT
OF THE 520,000 BARRELS/DAY INCREASE IN PRODUCTION IN
IT THIS YEAR IS BEING SOLD AT STATED CONTRACT PRICES
ER THAN ON THE SPOT MARKET. HOWEVER, THE GOK HAS
NTLY, APPARENTLY FOR THE FIRST TIME, EXERCISED ITS
RIGHTS TO MARKET SIXTY PERCENT OF THE KUWAITI SHARE IN
IAN OIL COMPANU'S PRODUCTION OFFSHORE IN THE NEUTRAL
. (THIS OIL PREVIOUSLY WAS SOLD BACK TO THE ARABIAN
COMPANY) THIS LATTER ARRANGEMENT PROVIDES UP TO
,000 B/D TO GOK, ALL OF WHICH PRESUMABLY MOVES ON THE
MARKET, AMD MAKES UP THE BULK OF SUCH HIGH-
ED SALES BY GOK.

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KEGVV ESA805 KWA332
RR RUQMHR
DE RUQMKW #4886/02 2970649
ZNY CCCCC ZZH
R 240542Z OCT 79
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 4585
INFO RUQMBI/AMEMBASSY ABU DHABI 4921
RUEHAD/USINT BAGHDAD 0875
RUQMDH/AMCONSUL DHAHRAN 4903
RUQMOD/AMEMBASSY DOHA 2725
RUQMRA/AMEMBASSY JIDDA 6509
RUQMAM/AMEMBASSY MANAMA 4077
RUQMMT/AMEMBASSY MUSCAT 2162
RUQMHR/AMEMBASSY TEHRAN 4846
BT
C O N F I D E N T I A L SECTION 02 OF 02 KUWAIT 4886

6. KUWAIT IS CLEARLY TRYING TO BYPASS THE MAJOR OIL COMPANIES WHO PREVIOUSLY TOOK ALL KUWAIT'S CRUDE, AND IS MOVING TO DEAL DIRECTLY WITH REFINERS. GOK IS WILLING TO SELL TO MAJORS, BUT ONLY TO THE EXTENT CRUDE IS NEEDED WITHIN THE BUYER'S OWN SYSTEM. OTHERWISE, GOK IS INTERESTED IN GOOD SOLID CUSTOMERS WITH A PROVEN RECORD OF CREDITWORTHINESS AND RELIABILITY. IDEMITSU OF JAPAN AND TAIWAN'S CHINA PETROLEUM COMPANY APPARENTLY ARE AMONG COMPANIES GOK CONSIDERS IN THIS CATEGORY. ALTHOUGH THERE ARE A LOT OF TRADERS AND SMALLER OIL COMPANY REPS CISITING THE OIL MINISTRY THESE DAYS, ANDERSON HAS SEEN LITTLE EVIDENCE THAT THEY ARE ACTUALLY GETTING CRUDE OIL. GOK IS APPARENTLY JUST NOT INTERESTED IN DEALING WITH SUCH ORGANIZATIONS, EVEN AT HIGH SPOT-MARKET PRICES.

7. ANDERSON ADDED THAT HE KNOWS OF NO EVIDENCE THAT KUWAITI CRUDE IS BEING RESOLD FOR SPOT MARKET PROFITS. ASKED IF HE HAD EVER HEARD OF KUWAITI INDIVIDUALS TRADING OIL FOR THEIR OWN ACCOUNT, HE SAID HE HAD NOT. HE SEES NO REASON WHY THE OIL MINISTER WOULD PERMIT PRIVATE KUWAITIS TO TAKE A PROFIT ON GOK CRUDE. IF THERE ARE KUWAITI TRADERS IN THE MARKET, HE SUGGESTED, THEY ARE PROBABLY OFFERING CARGOES FROM OTHER SOURCES. ANDERSON REMARKED ALSO THAT PRESENT OIL IMINISTER SHAIKH ALI KHALIFA AL SABAH HAS UPHELD THE MINISTRY'S REPUTATION FOR STRAIGHT DEALING, A CONTRAST WITH THE QUESTIONABLE PRACTICES SOME ASCRIBE TO FORMER OIL MINISTER ABDULMUTALEB KAZEMI AND HIS PROTEGES.
DICKMAN
BT
#4886

25 MAR 79 1? 2:E

VV ESA892 KWA831
UQMHR
UQMKW 1435 0841047
CCCCC ZZH
1035Z MAR 79
MEMBASSY KUWAIT
UEHC/SECSTATE WASHDC 3293
RUQMBI/AMEMBASSY ABU DHABI 4559
USINT BAGHDAD
EBQ/AMEMBASSY BERN 0053
OL/AMEMBASSY BONN 0530
OD/AMEMBASSY DOHA 2431
RA/AMEMBASSY JIDDA 6160
C/AMEMBASSY LONDON 3406
AM/AMEMBASSY MANAMA 3809
MT/AMEMBASSY MUSCAT 1888
PS/AMEMBASSY PARIS 2155
YA/USLO RIYADH 0333
HR/AMEMBASSY TEHRAN 4693
IRS/DEPT TREASURY WASHDC
EBQ/AMCONSUL ZURICH 0009

ACTION ECON INFO AMB DCM CHRON RF

N F I D E N T I A L KUWAIT 1435

12065: GDS 3/26/85 (BUCK, STEPHEN W.) OR-E
3: EFIN, KU
JECT: CAPITAL FLOW FROM KUWAIT: AND UPDATE

: KUWAIT 0701

(C - ENTIRE TEXT)

OUR FINANCE MINISTRY, BANKING AND BUSINESS CONTACTS REPORT
CAPITAL CONTINUES TO FLOW OUT OF KUWAIT, BUT NOT RPT NOT,
POLITICAL REASONS. DEPUTY GOVERNOR OF KUWAIT'S CENTRAL
AND KNOWLEDGEABLE CHAIRMAN OF KUWAIT'S SECOND LARGEST
ERCIAL BANK SEPARATELY GAVE FOLLOWING REPRESENTATIVE
LYSES OF REASONS FOR PRESENT FLOW OF FUNDS FROM KUWAIT:

3. SINCE U.S. MEASURES ANNOUNCED TO SUPPORT THE DOLLLAR NOVEMBER 1, 1978, THE DOLLAR HAS STEADILY APPRECIATED, RESTORING INVESTOR CONFIDENCE IN IT. INTERESST RATES HAVE BEEN RISING IN THE U.S. AND ON THE EURO-DOLLARAKET (TO 12.5 PERCENT) WHILE THE INTEREST RATE CEILING IN KUWAIT REMAINS TEN PERCENT, WITH MOST COMMERCIAL LOANS SUBJECT TO AN 8.5 PERCENT CEILING, WIDENING INTEREST RATE DIFFERENTIALS PLUS DOLLAR APPRECIATION MAKE INVESTMENT IN THE U.S. AND EURO-DOLLAR MARKETS VERY ATTRACTIVE. MAJOR MERCHANT DEPOSITORS OF KUWAITI COMMERCIAL BANKS, MANY OF WHOM HAVE CONSIDERABLE LIQUIDITY AT THE MOMENT, ARE ESPECIALLY ACTIVE IN DOLLAR INVESTMENT. IF THESE INVESTORS WERE MOVING FUNDS OUT OF KUWAIT BECAUSE OF CONCERN ABOUT THE POLITICAL SITUATION IN IRAN AND THE GULF AREA, THIS WOULD REGISTER ON THE KUWAITI STOCK MARKET, THROUGH SALE OF SHARES AND FALL IN THEIR PRICES. IN FACT, KUWAIT SHARE PRICES ROSE THROUGH MOST OF 1978 AND HAVE CONTINUED TO RISE IN THE PAST THREE MONTHS, INDICATING CONFIDENCE IN TN THE LOCAL ECONOMY. MONEY GOING ABROAD IS "SURPLUS", DISCRETIONARY INVESTMENT, NOT THE MONEY OF NERVOUS LOCAL BUSINESSMEN.

4. COMMENT: WHILE EVENTS IN IRAN ARE STILL A MATTER OF CONCERN, THE RETURN OF KHOMEINI TO IRAN HAS "RESOLVED THE BASIC ISSUE" AND TO SOME DEGREE COOLED OFF THE SITUATION FOR KUWAITI OBSERVERS. IN JANUARY THE TOPIC OF CONVERSATION IN KUWAIT- AMONG BANKERS AND EVERYONE ELSE- WAS IRAN. IN LATE MARCH IRAN IS STILL ON PEOPLES MINDS, BUT THE BANKERS AND BUSINESSMEN ARE BACK TO DISCUSSING THAT FAVORITE TOPIC OF LOCAL CONVERSATION- WHERE CAN THE MOST MONEY BE MADE. THE JUST-ISSUED ANNUAL REPORT FOR 1978 OF KUWAIT'S LARGEST INVESTMENT INSTITUTION, THE KUWAIT INVESTMENT COMPANY, IN A SECTION ENTITLED "THE OUTTLOOK FOR 1979" PREDICTS THAT THE U.S. CURRENT ACCOUNT DEFICIT WILL "IMPROVE SIGNIFICANTLY" AND THAT THIS, " COUPLED WITH HIGHER US INTEREST RATES, SHOULD STRENGTHEN THE US DOLLAR AGAINST MOST MAJOR CURRENCIES." KUWAITIS ARE FINDING HIGH RETURNS IN AN APPRECIATING CURRENCY VERY ATTRACTIVE AND ACTING ACCORDINGLY.
SUTHERLAND
BT
1435

KUWAIT

km² (excluding neutral zone but including islands); ...t amount forested; nearly all desert, waste, or ...

...oundaries: 459 km

... of territorial waters (claimed): 12 nm
...ne: 499 km

...tion: 1,278,000 (July 1979), average annual growth ... (current)

...dity: noun—Kuwaiti(s); adjective—Kuwaiti
... divisions: 83% Arabs, 15% Iranians, Indians, and ... native Kuwaitis are a minority
...n: 99% Muslim, 1% Christian, Hindu, Parsi, other
...ge: Arabic; English commonly used foreign

...y: about 40%
... force: 360,000 (1978 est.); 74% services, 11% ... 11% construction; 70% of labor force is ...ign
...zed labor: labor unions, first authorized in 1964, ...st oil industry and among government personnel

...MENT
... name: State of Kuwait
... nominal constitutional monarchy
...l: Kuwait
...al subdivisions: 3 governorates, 10 voting ...ricts
... system: civil law system with Islamic law ...t in personal matters; constitution took effect 1963; ...sions regarding election of National Assembly ...d in August 1976; judicial review of legislative acts ... determined; has not accepted compulsory ICJ ...sdiction
...al holiday: 25 February
...hes: Council of Ministers
...nment leader: Amir Jabir al-Ahmad al-Sabah
...ge: native born and naturalized males age 21 or ... requires 20 years residency after naturalization
...ons: National Assembly dissolved by Emir's decree ...st 1976
...al parties and leaders: political parties prohibited, ...all clandestine groups are active
...unists: insignificant
... political or pressure groups: none

Member of: Arab League, FAO, G-77, GATT, IAEA, IBRD, ICAO, IDA, IFC, ILO, IMCO, IMF, IPU, ITU, OAPEC, OPEC, U.N., UNESCO, UPU, WHO, WIPO, WMO, WTO

ECONOMY

GDP: $12.8 billion (1977), $10,666 per capita est.

Agriculture: virtually none; dependent on imports for food; approx. 75% of potable water must be distilled or imported

Major industries: crude petroleum production average for 1977, 1.92 million b/d; government revenues from taxes and royalties on production, refining, and consumption, $9.0 billion, preliminary est. for 1976; refinery production 132 million bbls (1977), average b/d refinery capacity equaled 645,000 bbls at end of 1976; other major industries include processing of fertilizers, chemicals; building materials; flour

Electric power: 2,200,000 kW capacity (1978); 7 billion kWh produced (1978), 5,640 kWh per capita

Exports: $9.1 billion (f.o.b., 1977), of which petroleum accounted for about 90%; nonpetroleum exports are mostly reexports, $800 million (1977 est.)

Imports: $4.8 billion (c.i.f., 1977 est.); major suppliers—U.S., Japan, U.K., West Germany

Aid: Kuwait as an aid donor made pledges of $4,785 million in 1974-77 (S/NF)

Budget: (1977) $7.9 billion revenues; expenditures $5.3 billion; capital $1.2 billion

Monetary conversion rate: 1 Kuwaiti dinar=US$3.63 (1978)

Fiscal year: 1 July-30 June

COMMUNICATIONS

Railroads: none

Highways: 2,545 km total; 2,255 km bituminous, 290 km earth, sand, light gravel

Pipelines: crude oil, 877 km; refined products, 40 km; natural gas, 121 km

Ports: 3 major (Ash Shuwaikh, Ash Shuaybah, Mina al Ahmadi), 4 minor

Merchant marine: 102 ships (1,000 GRT or over), totaling 2,370,000 GRT, 3,949,700 DWT; includes 2 passenger, 76 cargo, 14 tanker, 6 specialized carrier, 3 liquefied gas carrier, 1 container (C)

Civil air: 17 major transport aircraft, including 4 leased in

Airfields: 11 total, 6 usable; 4 with permanent-surface runways, 3 with runways 2,440-3,659 m, 2 with runways 1,220-2,439 m

Telecommunications: excellent international and adequate domestic telecommunication facilities; 140,000 telephones (13.0 per 100 popl.); 3 AM, 1 FM and 3 TV stations; 1 satellite station with Indian and Atlantic Ocean antennas

DEFENSE FORCES

Military manpower: males 15-49, about 314,000; about 184,000 fit for military service

Personnel: army 8,500, navy 180, air force 2,000 (90 pilots), national police force 15,200 (S)

Major ground units: 3 brigades (2 mixed infantry/armored brigades and 1 armored brigade; each mixed brigade contains 1 armored car battalion and 1 infantry battalion; the armored brigade is composed of a headquarters, 3 armored battalions, and a motorized infantry battalion); 1 Amiri Guard battalion, and 1 military police battalion (S)

Aircraft: 122 (83 jet, 4 transports, 35 helicopters) (S)

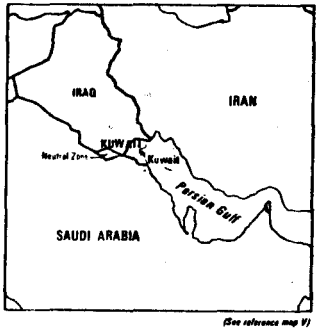
Coast Guard: 22 patrol boats, 8 port security boats, 3 utility landing craft (S)

Supply: dependent mainly on U.K., but also on Belgium, France, and FRG and on Singapore for patrol boats; field artillery, rocket launchers and rockets obtained from U.S.S.R. (S)

Military budget: for fiscal year ending 30 June 1980, $330 million; 4% of central government budget

INTELLIGENCE AND SECURITY

Kuwait Security Service (KSS) (also called "The Directorate of State Security"), domestic and regional; Special Branch of the Criminal Investigations Department (CID) of the Kuwait National Police Force, domestic; Special Branch of the Kuwait Army, domestic (S/NF)



(See reference map V)

PORT CLASS S E C R E T--WNINTEL--NOFORN--NOCONTRACT--ORCON

CLUSIVE DISSEMINATION TO ADDRESSEES LISTED IN FINAL PARAGRAPH

P,546 : KUWAIT/THE NETHERLANDS
BJECT : KUWAIT OIL MINISTER'S VIEWS ON OIL PRICING AND GULF/EC DIALOGUE, AS EXPRESSED TO THE DUTCH AMBASSADOR (DOI: 20 OCTOBER 1979)

RCE : A SENIOR GOVERNMENT OF KUWAIT OFFICIAL WITH ESTABLISHED ACCESS TO OIL MINISTRY INFORMATION. HIS REPORTING HAS BEEN GENERALLY SUBSTANTIATED.

SUMMARY: DURING THE COURSE OF A 20 OCTOBER 1979 MEETING, AIT'S OIL MINISTER, SHAYKH ALI KHALIFA AL-?-#, PROVIDED THE CH AMBASSADOR WITH HIS VIEWS ON OIL PRICING AND THE GULF/EC LOGUE. ALI KHALIFA INDICATED THAT IT IS QUITE POSSIBLE AIT WILL RAISE ITS OIL PRICES AGAIN. HE SAID KUWAIT CANNOT ASKED TO BE ONLY REASONABLE ONE[illegible] WHEN EVERYONE ELSE, INCLUDING NORTH SEA PRODUCERS, ARE RAISING THEIR PRICES. AS FOR THE /EC DIALOGUE, ALI KHALIFA SAID OIL PRICES WILL NOT BE A ECT OF DISCUSSION. HE NOTED THAT THE SUBJECT OF POLITICS OT BE AVOIDED, BUT IT IS NOT A POINT ON THE AGENDA. HE THAT IF THE PARTICIPANTS CAN TALK SENSE TO EACH OTHER THE DATION WILL HAVE BEEN LAID FOR A BROADER DIALOGUE COVERING OIL PRODUCERS, THE DEVELOPING AND THE DEVELOPED COUNTRIES. SUMMARY.

. ON 20 OCTOBER 1979, KUWAIT OIL MINISTER SHAYKH A L I A L I F A AL-SABAH MET WITH THE DUTCH AMBASSADOR TO KUWAIT, O W. H E N D L E N, WHO WAS PAYING A FAREWELL CALL ON THE TER PRIOR TO HIS DEPARTURE FROM KUWAIT. IN RESPONSE TO THE SSADOR'S QUESTION, ALI KHALIFA CONFIRMED THAT KUWAIT'S T CRUDE OIL PRICE RISE TO DOLLARS 21.43 WAS WITHIN THE OPEC LIMITS. HOWEVER, ALI KHALIFA SAID THAT OTHER COUNTRIES IRAQ HAVE AGAIN ADJUSTED UPWARDS, SO IT IS QUITE POSSIBLE T WILL DO LIKEWISE.

THE AMBASSADOR ASKED IF IT MIGHT NOT BE WISE TO LET THE NT PRICES REMAIN STABLE FOR A WHILE SO THAT THE ECONOMIES

OF THE IMPORTING COUNTRIES CAN ADJUST THEMSELVES TO THESE [illegible] PRICES. ALI KHALIFA RESPONDED THAT KUWAIT HAD WISHED ITS [illegible] PRICES TO REMAIN CONSTANT FOR AT LEAST THREE MONTHS. HOWEVER, FOR THE THREE MONTHS PRIOR TO KUWAIT'S PRICE RISE, THE NORTH SEA OILFIELDS, THE LIBYANS, ALGERIANS, IRAQIS AND IRANIANS [illegible] OVERPRICED COMPARED TO KUWAIT. KUWAIT ACCEPTED THIS FOR A TIME, BUT CANNOT BE ASKED TO BE THE ONLY REASONABLE ONE WHEN EVERYONE ELSE IS RAISING THEIR PRICES.

3. THE AMBASSADOR NOTED HIS COUNTRY'S WORRY OVER CHANGING OIL PRICES BECAUSE THEY MAKE ECONOMIC PLANNING EXTREMELY DIFFICULT. HOW, HE ASKED, CAN ONE WORK OUT ECONOMIC POLICY CONSERVE ENERGY IF PRICES VARY ALL THE TIME? ALI KHALIFA REPLIED THAT HE AGREED ONE HUNDRED PERCENT WITH THE AMBASSADOR. HE SAID KUWAIT HAS TRIED TO WORK FOR A LONG TIME FOR PLANNED INCREASES. AT PRESENT, THE OIL PRODUCING COUNTRIES ARE FORCED THE MARKET TO LEAD THEM, BUT TO BE LED WHILE PRICES ARE RISING IS JUST AS DANGEROUS AS TO BE LED WHEN THE MARKET IS A LITTLE THIN. NEXT YEAR, ALI KHALIFA CONTINUED, THE MARKET WILL BE A LITTLE SLOW AND ONE FEELS THAT PRICES WILL DECREASE--NOT RETAIL PRICES BUT MARKET PRICES. THIS MAY RESULT IN THE CONSUMING COUNTRIES ONCE AGAIN FORGETTING ABOUT CONSERVATION.

4. THE AMBASSADOR OBSERVED THAT KUWAIT HAS ALWAYS MAINTAINED A MODERATE ROLE IN OIL PRICING, AND HE HOPED THAT WOULD CONTINUE TO BE THE CASE. ALI KHALIFA REPOIED THAT KUWAIT IS CONTINUING TO BE MODERATE, BUT KUWAIT IS NOT STUPID. IF SOME OTHER COUNTRY IS INCREASING ITS PRICES, THAT HAS ALREADY AFFECTED THE NETHERLANDS, SO IT MAKES NO DIFFERENCE WHETHER OR NOT KUWAIT INCREASES ITS PRICES. IF KUWAIT DOES NOT DO SO, IT IS LEAVING THE PROFITS TO THE OTHERS. KUWAIT IS NOT GOING TO BE GIVING AWAY MONEY WHICH BELONGS TO ITS PEOPLE.

5. ON THIS POINT, ALI KHALIFA SAID HE SOMETIMES HAS CLASHES IN THE CABINET WITH COLLEAGUES WHO WISH TO BE EVEN MORE MODERATE BUT HE TELLS THEM FRANKLY THAT THEY MUST NOT PUT HIM IN THE POSITION OF TRYING TO EXPLAIN NONSENSE TO THE KUWAITI PEOPLE. ALI KHALIFA MADE THE POINT THAT THE COMMAN ANN MAY NOT KNOW HOW TO READ AND WRITE, BUT HE IS EXTREMELY INTELLIGENT AND UNDERSTANDS THINGS. HE CANNOT BE TOLD THAT IRAN AND ALGERIA ARE

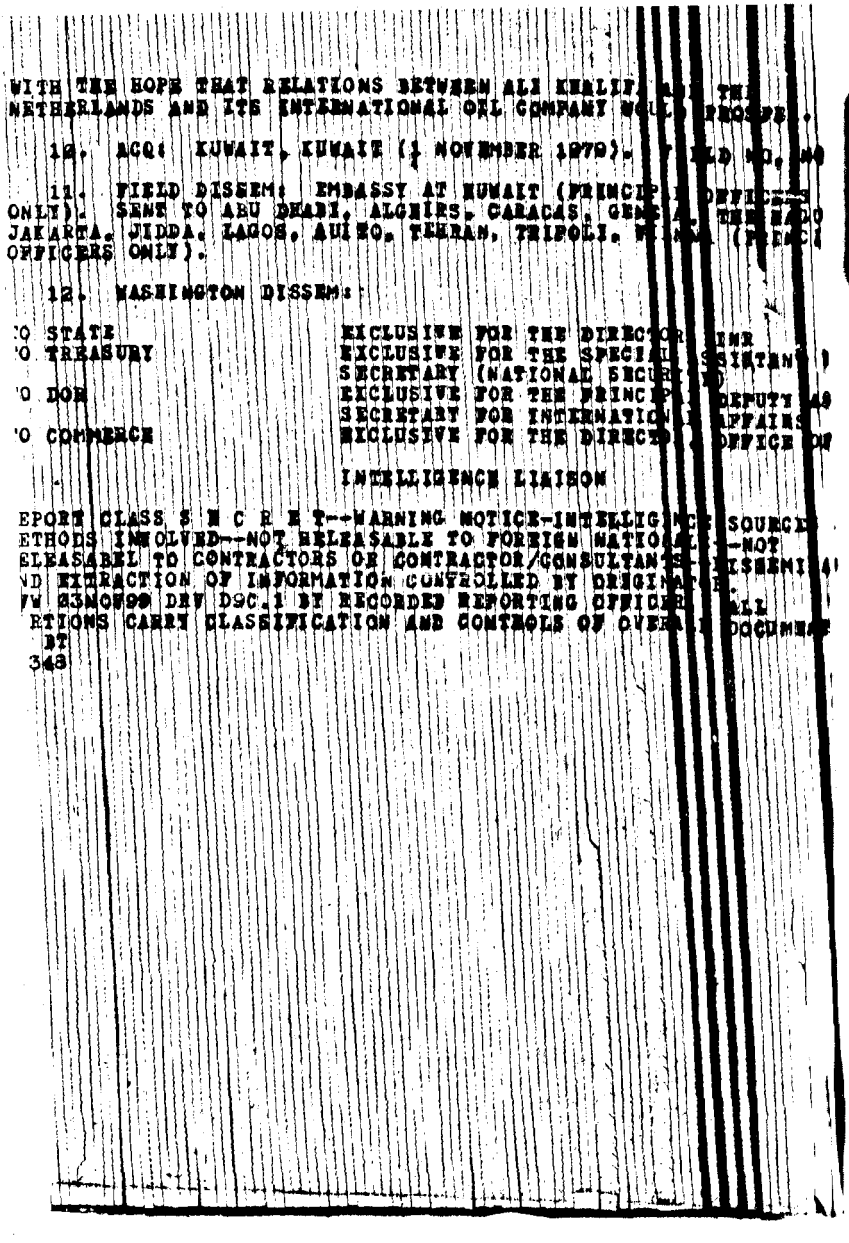
GETTING SUCH A PRICE. NORTH SEA OIL IS GETTING SO MUCH, AND
THEN BE EXPECTED NOT TO WANT AN EQUAL RETURN FOR KUWAIT. THE
AMBASSADOR NOTED THE VALIDITY OF ALI KHALIFA'S STATEMENTS.
BUT SAID THE RESULT WILL BE A WEAKENED DOLLAR--AND THAT IS FOR
OCCUPYING NEIS COUNTRY.

6. THE CONVERSATION THEN TURNED TO THE GULF STATES/EUROPE
COMMUNITY (E/C) DIALOGUE. THE AMBASSADOR ASKED IF THE SUBJECT
OF PRICES WILL COME UP THER. ALI KHALIFA REPLIED THAT A DIS-
CUSSION OF PRICES WOULD NOT TAKE PLACE. HE SAID SUBJECTS OF
DISCUSSION CAN INCLUDE EUROPEAN NEEDS FOR ENERGY, TRADE BETWEEN
THE TWO REGIONS, INVESTMENTS, AND SECURITIES. THE AMBASSADOR
NOTED THAT HE HAD HEARD THE GULF STATES WISHED TO BEGIN TO
EXCHANGE POLITICAL IDEAS. ALSO. ALI KHALIFA SAID IT CANNOT BE
AVOIDED, BUT IS IS NOT A POINT ON THE AGENDA.

7. ALI KHALIFA SAID THATSTHE GULF STATES CONSIDER THE GULF
TALKS IMPORTANT AND HOPE THE ATMOSPHERE WILL PERMIT THE PARTI-
PANTS TO TALK SENSE TO EACH OTHER. IF THEY CAN DO SO ON A GR
OF ISSUES, THEN THE FOUNDATION HAS BEEN MADE FO. A BROADER
DIALOGUE COVERING MORE COUNTRIES--ALL OF THE OI PRODUCERS, TH
DEVELOPING COUNTRIES, AND THE DEVELOPED ONES. O. ALI KHALIFA
CONTINUED, THE GULF STATES' INTEREST IN THE TALKS IS MUCH BROA
THAN TWO OR THREE ECONOMIC SUBJECTS. THE TALKS MUST ENABLE
EACH SIDE TO SEE THE PROBLEMS OF THE OTHER. SO TEST THESE PROB
AND TO BEGIN LEARNING HOW TO DEAL WITH THEM, AND WITH EACH OTH

8. AS A FINAL POINT, THE AMBASSADOR SAID THAT THE NETHERLA
BASICALLY FEELS THAT THE INTERNATIONAL OIL COMPANIES ARE NOT T
BLAME FOR EVERYTHING DESPITE THE MANY STATEMENTS IN THE PRESS
THIS EFFECT. ALI KHALIFA AGREED WITH THE AMBASSADOR. HE SAID
HE KNOWS THE INTERNATIONAL OIL COMPANIES ARE MAKING MONEY. BU
NOT FROM THEIR OWN DOING. THEY DID NOT CREATE THE PROBLEM.
THEY WERE PRESENTED WITH AN OPPORTUNITY AND ARE THRIVING ON IT

9. THE MEETING ENDED WITH AN EXCHANGE OF PLEASANTRIES DURIN
WHICH ALI KHALIFA NOTED THAT HE PROBABLE WOULD BE TRAVELLING TO
NORTH AMERICA AND EUROPE IN DECEMBER. THE AMBASSADOR SAID THAT
IF ALI KHALIFA VISITED THE NETHERLANDS, HIS GOVERNMENT WOULD BE
INTERESTED IN TALKING WITH THE MINISTER. THE AMBASSADOR CLOSED



WITH THE HOPE THAT RELATIONS BETWEEN ALI KHALIF[illegible] THE
NETHERLANDS AND ITS INTERNATIONAL OIL COMPANY WOULD PROSPER.

12. ACQ: KUWAIT, KUWAIT (1 NOVEMBER 1979). [illegible]

11. FIELD DISSEM: EMBASSY AT KUWAIT (PRINCIPAL OFFICER
ONLY). SENT TO ABU DHABI, ALGIERS, CARACAS, GENEVA, THE HAGUE
JAKARTA, JIDDA, LAGOS, AMMAN, TEHRAN, TRIPOLI, VIENNA (PRINCIPAL
OFFICERS ONLY).

12. WASHINGTON DISSEM:

TO STATE EXCLUSIVE FOR THE DIRECTOR, INR
TO TREASURY EXCLUSIVE FOR THE SPECIAL ASSISTANT
SECRETARY (NATIONAL SECURITY)
TO DOE EXCLUSIVE FOR THE PRINCIPAL DEPUTY AS
SECRETARY FOR INTERNATIONAL AFFAIRS
TO COMMERCE EXCLUSIVE FOR THE DIRECTOR, OFFICE OF

INTELLIGENCE LIAISON

REPORT CLASS S E C R E T--WARNING NOTICE-INTELLIGENCE SOURCES
METHODS INVOLVED--NOT RELEASABLE TO FOREIGN NATIONALS--NOT
RELEASABLE TO CONTRACTORS OR CONTRACTOR/CONSULTANTS. DISSEMI
AND EXTRACTION OF INFORMATION CONTROLLED BY ORIGINATOR.
DW 83NOV99 DRV DOC.1 BY RECORDED REPORTING OFFICER. ALL
PTIONS CARRY CLASSIFICATION AND CONTROLS OF OVERALL DOCUMENT
BT
348

TDFIRDB-315/13[illegible]-79
DIST: 30 OCTOBER 1979

IS IS AN INFORMATION REPORT. NOT FINALLY EVALUATED INTELLIGENCE
PORT CLASS S E C R E T WNINTEL NOFORN NOCONTRACT ORCON
UNTRY: KUWAIT, LIBYA
JECT: POSSIBLE KUWAIT-LIBYAN OIL PRODUCTION CUTBACK IN
NOVEMBER 1979 (SEPTEMBER-OCTOBER 1979)

URCE: AN ARAB BUSINESSMAN WITH A WIDE CIRCLE OF FRIENDS,
ACQUAINTANCES AND BUSINESS ASSOCIATES IN VARIOUS ARAB
GOVERNMENTS. HE OBTAINED THIS INFORMATION FROM A TECH
NICAL ADVISOR TO THE KUWAIT NATIONAL OIL COMPANY. THE
REPORTING RELIABILITY OF THE ARAB BUSINESSMAN HAS NOT
BEEN ESTABLISHED. AND HIS INFORMANTS--THE TECHNICAL
ADVISOR AND HIS CONTACTS--ARE KNOWN ONLY FROM THE
DESCRIPTIONS PROVIDED BY THE ARAB BUSINESSMAN.

SUMMARY: KUWAITI RULER, AMIR JABIR AL-AHMAD AL-SABAH, HAS
VEN HIS SUPPORT TO A KUWAITI GOVERNMENT PROPOSAL TO CUT KUWAITI
UDE OIL PRODUCTION BY ONE MILLION BARRELS PER DAY (BPD) BY
NOVEMBER 1979. SENIOR OFFICIALS WITHIN THE GOVERNMENT AND
TROLEUM COMPANY OF KUWAIT ARE STILL STUDYING THE EFFECTS OF THE PROPOSAL, ESPECIALLY THE NEGATIVE IMPACT SUCH A
T WOULD HAVE ON GREAT BRITAIN. KUWAIT'S MAJOR ARMS SUPPLIER. I
WAIT GOES AHEAD WITH THIS CUT IN CRUDE OIL PRODUCTION AND
TENDS TO CUT ITS PRODUCTION OR HALT ITS CRUDE OIL EXPORTS TO
UNITED STATES, ALTHOUGH THE MOTIVES OF THE TWO COUNTRIES
FFER, BECAUSE KUWAIT WANTS TO PROTECT ITS ECONOMIC ASSETS AND
BYA IS MORE INTERESTED IN PUTTING PRESSURE ON THE UNITED STATES,
IR AIMS COINCIDE. END SUMMARY.

1. (HEADQUARTERS COMMENT: ALTHOUGH THE RELIABILITY OF THE
CE OF THE PRESENT REPORT HAS NOT BEEN ESTABLISHED AND THERE IS
CONFIRMATION OF THE DETAILS PROVIDED, THIS REPORT IS
SS. OFFERED FOR GENERAL BACKGROUND BECAUSE OTHER,
ING IS CONSISTENT WITH THE TRENDS INDICATED, I.E. NEVER-
OTION CUTBACKS UNDER CONSIDERATION BY KUWAIT AND THAT OIL
ANS HAVE TAKEN THE INITIATIVE IN USING OIL AS A LEVER TO
NCE U.S. POLICY.)

2. KUWAITI RULER, AMIR JABIR AL-AHMAD AL-S A A H, HA
GIVEN HIS SUPPORT TO A PROPOSED CUT IN KUWAITI CRUD OIL PRO
OF ONE MILLION BARRELS PER DAY (B/D) BY 15 NOVEMBER 1979. T
PROPOSED CUT, WHICH WOULD BRING TOTAL KUWAITI OIL PRODUCTION
TO ABOUT 1.2 MILLION B/D, IS AIMED AT PROTECTING KUWAIT'S FI
SITUATION. THE PROPOSAL STEMS FROM A KUWAITI GOVERNMENT STU
COMPLETED IN MID-1979 WHICH SHOWED THAT KUWAIT HAD LOST A GR
DEAL OF MONEY ON THE WORLD'S FINANCIAL MARKETS WITH THE DECL
OF THE DOLLAR AND THAT KUWAIT'S OIL RESOURCES WOULD BE WORTH
IF LEFT IN THE GROUND. THE STUDY RECOMMENDED THAT KUWAIT SH
CUT PRODUCTION AND RAISE PRICES TO PROTECT ITS FINANCIAL ENT
ACCORDING TO THE STUDY, PRICES SHOULD BE RAISED ENOUGH TO MAI
AN ADEQUATE CASH FLOW FOR DEVELOPMENT PURPOSES. (HEADQUARTER
COMMENT: EMBTEL KUWAIT 4856 OF 22 OCTOBER 1979 REPORTED
OIL MINISTER SHAIKH ALI KHALIF AL-SABAH'S STATEMENT TO THE
AMBASSADOR THAT THE U.S. SHOULD NOT BE SURPRISED IF KUWAIT IN
ITS PRICE TO AROUND $22.90 A BARREL. THE AMBASSADOR COMMENTE
THAT THERE IS A GOOD CHANCE THAT KUWAIT WILL RAISE ITS PRICE A
SOON. HE BELIEVES, HOWEVER, THAT ANY INCREASE WILL BE A MODE
ONE AND THAT KUWAIT WILL NOT ATTEMPT TO MATCH OPEC PRICE LEADE
SUCH AS LIBYA.)

3. ALTHOUGH AMIR AL-SABAH HAS THE SUPPORT OF THE MINIS
DEFENSE, SALIM AL-SABAH AL-S A B A H, FOR THE PRODUCTION CUTB
OTHER KUWAITI OFFICIALS, INCLUDING THE MINISTER OF OIL, THE D
OF INTERNATIONAL SALES OF THE KUWAITI OIL COMPANY AND SHAYKH
A L I, OPPOSE THE CUTBACK. KUWAITI OFFICIALS ARE CONCERNED TH
IMPLEMENTATION OF THE PROPOSED CUTBACK COULD LEA TO ADVERSE
U.S. REACTION, INCLUDING MILITARY INTERVENTION. MORE OVER, TH
OFFICIALS ARE CONCERNED THAT THE CUTBACK COULD ENDANGER KUWAIT
RELATIONS WITH GREAT BRITAIN AS GREAT BRITAIN SUPPLIES KUWAIT
MILITARY EQUIPMENT AND OTHER MATERIALS. THE KUWAITIS BELIEVE
ALTHOUGH DOMESTIC CONSUMPTION IN GREAT BRITAIN WOULD NOT BE
DIRECTLY AFFECTED, BRITISH PETROLEUM'S ABILITY TO SELL TO OTHE
SUPPLIERS WOULD BE DIMINISHED. KUWAIT'S FINAL DECISION ON THE
CUTBACK PROPOSAL IS EXPECTED IN THE FIRST WEEK OF NOVEMBER, 19
ONCE THE STUDY ON THE EFFECTS OF THE PROPOSED CUTBACK ON GREAT
BRITAIN IS COMPLETED. (HEADQUARTERS COMMENT: EMBTEL KUWA
774 OF 16 OCTOBER REPORTED THAT ALI KHALIFA, DURING AN INTERVI
ON 15 OCTOBER, STATED THAT KUWAITI OIL PRODUCTION WILL PROBABLY

RE CUT BACK BEGINNING JANUARY 1980. EMBTEL KUWAIT 4795 OF 20
OCTOBER PROVIDES INFORMATION ON THE DECLINE IN [illegible] CRUDE O
PRODUCTION DURING THE MONTHS OF JULY, AUGUST, AND SEPTEMBER.)

4. IF KUWAIT GOES AHEAD WITH THE PROPOSED PRODUCTION CUT,
LIBYA INTENDS TO FOLLOW THE KUWAIT ACTION WITH A CUT IN PRODUCTI
CUTS OF ITS OWN OR HALT OIL EXPORTS TO THE UNITED STATES AS A P
OF APPLYING PRESSURE ON THE UNITED STATES AND SUPPORTING THE
PALESTINIAN CAUSE. (HEADQUARTERS COMMENT: THIS THEME OF
LIBYAN ADVOCACY OF THE USE OF ARAB OIL TO INFLUENCE U.S. FOREIG
POLICY HAS APPEARED IN OTHER REPORTING. SEE, FOR EXAMPLE, JAN-
MAHAL ARAB REPORT AND MEMO, 8 OCTOBER 1979.)

5. ALTHOUGH THE LIBYAN PROPOSAL TO PUT PRESSURE ON THE
UNITED STATES IS NOT CONSISTENT WITH KUWAITI AIMS, THE BASIC
LIBYAN PLAN TO CUT PRODUCTION AND RAISE PRICES COINCIDENTLY
COINCIDES WITH KUWAIT'S AIM OF PROTECTING ITS FINANCIAL INTERESTS.

6. ACQ: (14, 16 OCTOBER 1979)

7. FIELD DISSEM: SENT TO JIDDA, RIYADH, TRIPOLI, TEHRAN,
LONDON, CAIRO, RABAT, ALGIERS, TUNIS, ABU DHABI, AMMAN, BEIRUT,
MASCU[illegible].

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